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U.S. Slowdown Is in the Cards

But Will Policy Makers or Markets Play Out the Hand?

By Carl Gwertz

International Herald Tribune
PARIS — There is no doubt that the U.S. economy is headed for a slowdown. How serious is still anybody's guess.

That depends on whether it is imposed by unruly market forces unleashed last week or results from coherent government policy decisions yet to be taken. The differ-

NEWS ANALYSIS

ence is crucial and probably the key to whether the siege mentality gripping world financial markets continues.

"A slowdown will reduce the U.S. trade deficit, which financial markets see as the chief threat to improved economic prospects. But markets also appear to be saying that they fear engineering a correction without help from politicians."

"Markets are looking for a policy response from the United States," says Arnold Simkin, an economist with Stratecon, a private consulting firm. "The market does not believe the Reagan administration is prepared to change its position on fiscal policy."

A helter-skelter collapse of U.S. food prices will have dramatic — if not precisely calculable — effects, both real and psychological, on the willingness of consumers to spend and business to invest. By most estimates, more than \$1 trillion in after-wealth has been wiped out in the past two weeks on United States markets alone.

"We premature to quantify the effects," Salomon Brothers' chief economist, Henry Kaufman, said today. But, he added, "the direction is clear; growth will be weaker." History shows that once markets start to move they tend to overshoot, making for chaos rather than correction. Thus, the major worry now is whether President Ronald Reagan and Congress are capable of taking control.

It is a measure of the topsy-turvy conditions in world markets that a reduction in the U.S. budget deficit through tax increases, spending cuts or a combination of both is being sought by markets as the surest way to restore confidence. New taxes and reduced spending would bring an economic slowdown.

A political agreement to cut the U.S. interest rate to attract capital



John J. Phelan Jr.

NYSE Chairman Is Optimistic

United Press International

WASHINGTON — The chairman of the New York Stock Exchange, John J. Phelan Jr., expressed overall optimism for the markets on Sunday.

"I think the individual investor as well as the institutional investor is reasonably optimistic," Mr. Phelan said in a television interview.

"And I think if given a period of quiet, they will assess what's going on," he said. "They will look for value. And I think where they see value they will be back into the market." (Out-

See PHELAN, Page 5

would open the way for other policy changes, inside and outside the United States, that could set the stage for an economic revival.

The most important effect would be on monetary policy. A reduction in the deficits, and presumably including a lower target band for the value of the dollar, would liberate the Federal Reserve to pursue an easy credit policy.

American and British officials denied that such a meeting was planned.

But the majority of private economists and currency dealers in all the major markets believe that a easy credit policy.

It would no longer need to keep U.S. interest high to attract capital.

See MARKETS, Page 5

inflows to finance the deficits. Instead, the Fed would be free to drive rates down — reducing industry's costs to finance new investments and at the same time easing the debt-service burden on developing countries.

The International Monetary Fund estimates that a 1 percentage point drop in interest rates reduces the net interest payments of the developing countries by about \$3.25 billion a year. Lower interest rates should translate into higher imports.

A credibly stable dollar and a healthier environment for U.S. industry presumably would attract investments from abroad, reducing credit tensions in Japan and West Germany, where the central banks have been concerned about the consistent overshooting on money supply growth rates.

The Bank of Japan and the Bundesbank would then also be free to pursue easier credit policies aimed at stimulating new investments by industry.

The wild card in this scenario, assuming Mr. Reagan and Congress do agree to cut the budget deficit, is in measuring how much last week's events on Wall Street — whether reversed or not — will depress spending plans of consumers and industry.

"We are not fearing a recession," said Beryl Sprinkel, outgoing chairman of Mr. Reagan's Council of Economic Advisors. "But I think that we will be looking at our forecasts, as the private forecasters are, and recognize that the world is different, and markets have declined."

He said in an interview on Friday, "The markets are not only forcing the government's hand on the question of the twin deficits, but also on the value of the dollar."

Through almost all of last week's crisis atmosphere, the foreign exchange market was an isolated area of calm. But on Friday the dollar fell sharply. Rumors circulated that finance ministers of the major industrialized nations were about to meet to lower the target value for the dollar by 5 to 10 percent.

American and British officials denied that such a meeting was planned.

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See MARKETS, Page 5

For the first time, Mr. Zhao proposed the establishment of a civil service system that would promote officials on the basis of examinations and their performance on the job. The aim would be to make the world's largest and perhaps most cumbersome bureaucracy more efficient and more responsive to reforms.

Mr. Zhao defended the use of reforms that some critics regard as capitalistic, such as the introduction of stocks and bonds and a reliance on market forces.

"We shall gradually put an end to poverty and backwardness," he declared, arguing that the main source of resistance to reforms and China's open-door policy were deep-rooted "leftist" habits of thought.

He contended that China had to keep itself open to the outside

world to close the gap between it and developed capitalist nations.

Mr. Zhao said that China intended to double its gross national product by the end of this century, enabling the Chinese people to attain a "fairly comfortable life."

China's main industries would, by the end of the century, be close to reaching the technological level achieved by the developed nations in the 1970s or early 1980s, he said.

Whether Mr. Zhao and his mentor, Deng Xiaoping, will have the political will to impose further major reforms on the country remains to be seen. But Mr. Zhao's speech indicated that with support from Mr. Deng, the senior Chinese leader, who fear the "capitalistic influences" that have accompanied his weakened physical condition.

See CHINA, Page 2



Deng Xiaoping, left, and Zhao Ziyang at the opening of the party congress in Beijing.

Zhao Presses Reform as Congress Opens

By Daniel Southerland

Washington Post Service

BEIJING — China opened its first Communist Party congress in five years Sunday, with Prime Minister Zhao Ziyang predicting that China would gradually catch up with the capitalist nations through an economic "revolution" that stresses results.

Mr. Zhao took the offensive in his speech, making few concessions to conservative critics of economic change. He appeared to seize the high ground in an effort to revitalize a reform program that has faltered in a number of areas.

The prime minister, who is expected to be named party leader following the eight-day congress, proposed political reforms that would decrease party interference in government activities and limit the powers of entrenched party bureaucrats who resist new ideas.

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See CHINA, Page 2

the economic and political fronts.

The meeting began when Mr. Deng, 83, strode into the Great Hall of the People to the applause of the nearly 2,000 congress delegates.

Mr. Deng was followed moments later by the ailing Chen Yun, 82, a conservative leader who has been Mr. Deng's most eminent rival for influence. Mr. Chen favors more centralized control over the economy than does Mr. Deng and is admired by Marxist ideologues who fear the "capitalistic influences" that have accompanied his weakened physical condition.

Apparently tiring, Mr. Chen left the dais more than an hour before Mr. Zhao finished his address.

Speaking against a backdrop of massed red flags and a huge gold

Mr. Deng. The relaxed Mr. Deng seemed to emanate strength and confidence as he sat back, followed the words of Mr. Zhao's speech from his copy of the text and occasionally puffed on a cigarette.

For party members looking for symbols of reformist vigor, the contrast between the relaxed Mr. Deng and the enfeebled Mr. Chen must have been stark. During much of the speech, Mr. Chen's eyes appeared to be closed because of his weakened physical condition.

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See CHINA, Page 2

Fearing Wider Islamic Extremism, Israel Rethinks Its Tilt Toward Iran

By Thomas L. Friedman

New York Times Service

JERUSALEM — Israel's long-standing tilt toward Iran in the Gulf War may be coming to an end.

A growing number of important Israeli policy makers and strategists are starting to argue publicly, and in the corridors of power, that Israel should be supporting Iraq and not Iran, even to the point of sending arms to Baghdad.

Virtually all Israeli strategists still believe that the ideal situation for their country is for the war to continue indefinitely as a stalemate, sapping the energies of both nations.

But if this cannot happen, then

threat being posed to Israel in Lebanon, Egypt, Jordan and the occupied West Bank and Gaza Strip by Islamic fundamentalist groups inspired by, and sometimes even financed by, Iran.

The Islamic fundamentalism growing around us has reached the point where it is starting to influence the decision makers in all the neighboring states, said a senior Israeli defense official. "That is what has really made people open their eyes about Iran."

An Israeli intelligence analyst added: "We thought once the Iranian Islamic revolution settled down and got past all of its slogans, it would understand Iran's natural alliance with Israel. But that has not happened, so people here are starting to wonder what it could be like if Iran wins."

He concluded, "We could be in the soup with everyone else."

The Israel-Saudi contract has made Hong Kong futures market the world's second largest, behind

See SHIFT, Page 5

radical Arab nation, which has sent delegations to fight in almost every Arab-Israeli war.

Now, Iran is spending \$60 million to \$75 million a year to finance anti-Israeli guerrilla groups in Lebanon, such as the Hezbollah, or Party of God, according to Israeli defense sources. That is more money than any other single party in Lebanon is spending for such militant activities, the sources said.

Egypt is increasingly unable to broaden its relations with Israel due to the rising power in Egypt of Islamic fundamentalist parties, Israeli officials said. Even more worrisome to Israeli defense experts is the fact that within the Israeli-occupied West Bank and Gaza Strip, a Palestinian Sunni Muslim underground group modeled after the pro-Iranian Lebanese Islamic Jihad organization is rapidly becoming

See SHIFT, Page 5

U.S. High Court Joining Debate on Alcoholism

By Dirk Johnson

New York Times Service

NEW YORK — Nearly 200 years after a Philadelphia physician first advanced the theory of alcoholism as a disease rather than a character weakness, the issue may

be faced squarely by the Supreme Court.

The court has agreed to hear a challenge against the Veterans Administration for excluding alcoholism, which it considers the result of "willful misconduct," from the illnesses and disabilities that allow veterans more time to claim education benefits.

The case could portend serious consequences for government agencies, private employers, insurance companies, alcoholism-care providers and the estimated one million alcoholics expected to seek treatment in the next year.

"Over the last two decades, the disease concept of alcoholism has become the premise for social policy," said Ronald Roizen, a scientist at the Medical Research Institute of San Francisco. "But the legal basis has never been clear."

The case, to be argued Dec. 7, has enlivened debate about the view that alcoholism is a disease. Proponents point to a growing body of research implicating genetic factors in drinking problems, while critics are becoming increasingly vocal.

"The entire notion of alcoholism as a disease is at stake here," said Michael Ford, executive director of the National Association of Addiction Treatment Providers. "It's taken years for the public to come to understand alcoholism as a disease. And here's the federal government saying it's just a temper tantrum."

While about 87 percent of Americans view alcoholism as a disease, according to a Gallup Poll in April, treatment based on that concept is relatively new. Through the 1940s, alcoholics were often jailed as criminals ostracized as irresponsible or committed to sanatoriums as psychological deviants. And it was not until 1956 that the American Medi-

See ALCOHOL, Page 5

Are Germany's Speeders Driven by More Than Fuel?



A Gorbachev Miscalculation?

Diplomats Call Shift on Summit a Risk to His Prestige

By Gary Lee
Washington Post Service

MOSCOW — Mikhail S. Gorbachev's last-minute refusal to set a date for a summit meeting with President Ronald Reagan in Washington could diminish the Soviet leader's prestige and overall influence on the U.S.-Soviet arms control process, according to Western diplomats here.

The diplomats regard Mr. Gorbachev's move, made at the end of two days of U.S.-Soviet talks here, as his first serious foreign policy miscalculation during two years in power.

The agreement to set a date for a summit meeting this year had been reached in September when the Soviet foreign minister, Eduard A. Shevardnadze, visited Washington.

Although Mr. Gorbachev told Secretary of State George P. Shultz on Friday that he still would be prepared to participate in a summit meeting this year, he apparently miscalculated the disappointment and criticism that his sudden change of the terms of the summit would arouse in the West, some analysts here said.

At a time when Americans and West Europeans are re-examining the extent to which they can trust the Soviet bloc, Mr. Gorbachev's unexpected reversal on a major U.S.-Soviet agreement undercut his long-term goals of buttressing the Soviet Union's reputation as a reliable negotiating partner, some Western diplomats said.

"What will U.S. senators think when time comes to ratify any arms

control treaty?" a diplomat asked.

Most important, Moscow apparently miscalculated the possibility that Mr. Reagan would agree under pressure to compromises on his program for a space-based missile defense system. U.S. officials already have ruled out the possibility.

"If Gorbachev thinks that Reagan will change his position for the

NEWS ANALYSIS

chance of having a summit, he's wrong," a U.S. official in Moscow said.

A month after the Soviet leadership signed an agreement to set the dates for a summit meeting during Mr. Shultz's visit to Moscow, Mr. Gorbachev reneged on it without warning, adding progress on talks to limit Mr. Reagan's Strategic Defense Initiative as a condition for the summit meeting.

According to Western and Soviet officials in Moscow, the sudden hardening was based on an assessment in the Kremlin that a summit meeting is the only bargaining chip left in Moscow's bid to prevent the United States from developing space-based weapons to the stage where they could be deployed.

Mr. Gorbachev's last-minute reluctance to come to Washington also represents bitterness at the critical reception that the Reagan administration has given his reform policies, including an attempt at forging a new detente.

Nonetheless, Western diplomats consider the move to be atypical

of the Soviet leader, who has favored a high-profile policy of public diplomacy and holding to agreements, that he speculate may have been forced in the last few weeks to harden his stance by military leaders or more conservative Kremlin officials.

Although Mr. Gorbachev made last-minute demands at the 1986 summit meeting in Reykjavik, Iceland, he highlighted new Soviet arms control proposals made there and thus avoided major criticism for preventing an arms accord.

Despite the view that Mr. Gorbachev may have buckled under to domestic pressures, the new Soviet stance seems to be the climax of a carefully orchestrated campaign to force the Reagan administration into concessions on SDI.

Ever since Mr. Shultz's visit to Moscow in April, Moscow has broached the possibility of discussing general principles on SDI, cuts in strategic nuclear missiles and other disarmament topics at a summit meeting — in addition to signing an intermediate-range nuclear forces treaty to ban medium- and shorter-range missiles.

In May, Soviet officials gave the Reagan administration a draft document on general principles on SDI and other issues that they proposed would be signed at a summit meeting, according to Soviet officials.

The United States apparently declined the proposal, however, and Moscow temporarily abandoned the idea. Instead, Soviet officials held out the promise of a summit meeting that would be used largely to sign an agreement on intermediate-range nuclear forces, followed by a later summit meeting to address other issues.

Meanwhile, the Kremlin drafted several proposals that appeared to bring the two sides closer to agreement on which missile systems could be tested under the 1972 Anti-Ballistic Missile Treaty.

Until the end of a four-hour meeting between Mr. Shultz and Mr. Gorbachev on Friday, U.S. officials say, the Americans were still under the impression that reaching agreement on the treaty would be enough for a summit meeting.

According to Western diplomats and some Soviet officials, the Kremlin viewed the U.S. reluctance to agree to a document on general principles on SDI and other issues as a sign that Moscow might never obtain an accord on SDI and strategic cuts from the Reagan administration.

With Mr. Reagan facing problems of domestic and foreign policy and anxious to become the first U.S. president in nearly a decade to have a major arms control treaty signed and ratified, the bid seemed worth an effort, according to one Soviet view.

If it failed, a senior Western diplomat said, "Moscow could still sign an INF accord. If it worked, Moscow would succeed in its overall plan of avoiding the investments needed to match the Reagan administration's star wars research."

CHINA: Congress Opens

(Continued from Page 1)
hammer and sickle, Mr. Zhao spoke for more than two hours and 20 minutes from a 72-page text.

The congress was the first to be opened to the foreign press since the party took power in 1949 and was broadcast live throughout China. But many Chinese said they did not watch the telecast because they felt the congress would have little impact on their lives.

Mr. Zhao attempted to placate critics who worry that his reforms depart too much from Marxism when he spoke of a need to combat excessive consumption and to pursue "plain living and hard struggle."

The prime minister stressed a need to maintain the party's leadership over the country, to increase grain production and to counter corruption on the part of officials who use their positions to make personal profits — all themes dear to the hearts of party traditionalists such as Mr. Chen.

But Mr. Zhao stressed repeatedly that economic production is the main test of the country's policies.

"Judging life by abstract principles or utopian models instead of by the growth of the productive forces will only discredit Marxism," Mr. Zhao said.

He advocated further departures from a Soviet-style centralized economy when he defended China's relatively small but growing private enterprises. Mr. Zhao advocated a competitive contracting system for industrial projects and renewed a call for the reform of China's irrational pricing system.

He also said that China should "improve the investment environment for foreign businessmen." Mr. Zhao urged his fellow Marxists "to widen their vision, develop new concepts, and enter a new realm."

Belgian Leader Expects Election to Be Dec. 13

Reuters

BRUSSELS — Prime Minister Wilfried Martens of Belgium said Sunday he expected a general election to be held Dec. 13.

Mr. Martens, a Christian Democrat, was speaking just four days after forming his seventh administration in less than eight years, a caretaker coalition set up to enact essential legislation ahead of the early elections. The previous coalition governing the bilingual nation collapsed because of a francophone official's refusal to take a test in Dutch.



PROTESTS IN SPAIN — Some 20,000 demonstrators marched Sunday in Madrid to support the removal of U.S. military bases, the country's withdrawal from the North Atlantic Treaty Organization and a nuclear-free Europe. No incidents were reported as similar rallies were held in other cities, including Barcelona and Valencia. The United States and Spain are due to hold talks next month on reducing the U.S. presence.

Budget Cuts Mean Layoffs At Pentagon

By Richard Halloran
New York Times Service

WASHINGTON — The Defense Department is planning extensive layoffs of civilian employees and deep cuts in the work of small contractors in an effort to generate a political backlash against Congress for budget cuts against the Pentagon officials.

The officials said that 100,000 to 150,000 people, or more than 10 percent of the department's civilian work force, would be laid off if provisions of the recently adopted budget-balancing law are put into effect on Nov. 20.

In addition, according to officials knowledgeable about budget plans, the military services will slice more than \$2 billion from contracts with local companies that paint barracks, maintain and clean buildings, and operate support services on bases around the country.

Further, the officials said, the services will delay maintenance on ships, tanks, aircraft and equipment that is done by contractors, causing more layoffs.

Purchasing of spare parts, a key to the readiness of the forces, will also be cut between 25 and 50 percent, the officials said. Consequently, they said, employment in industries making the parts will be affected.

Once the extent of the cuts becomes known, however, the officials expect labor leaders and laid-off workers to register strong protests to their representatives in Congress and to exert considerable pressure in an election year to have the cuts reversed.

Beyond an attempt to put indirect pressure on Congress, officials said, the military services are seeking to protect training programs and the deploying of forces around the world as much as possible from budget cuts. But some such operations will be reduced, they said.

Official spokesmen for the Defense Department declined to comment on the prospective cuts, saying that no final decisions had been made.

They noted that President Ronald Reagan was scheduled to meet with congressional leaders in an effort to reduce the deficit without, they said, cutting military spending.

In the reorganization, those promoted included several leading managers and economists, reflecting both the need to revive the economy and the preference of General Wojciech Jaruzelski, the Polish leader, for professional managers rather than politicians.

Jerry Blip, an industrial manager with considerable experience as head of the Polkor television factory near Warsaw, was appointed to the newly created post of industry minister.

Among those newly appointed or gaining broadened power was Zdzislaw Sadowski, the architect of the new economic program, who was named chief of the Government Central Planning Commission while remaining deputy prime minister in the government of Prime Minister Zbigniew Messner, who remains head of government.

Mr. Sadowski, 62-year-old economist who has taught at the University of Ghana and has headed the United Nations Center for Planning and Economic Policy, is not a Communist Party member.

Bogumil Ferenszajn, a mining engineer and the top Communist Party official in the coal and steel region around Katowice in Silesia, was named to head the newly created Ministry of Housing and Urban Development.

Eritrean Rebels Destroy Large Food Aid Convoy

By Blaine Harden
Washington Post Service

NAIROBI — In an Ethiopian rebel attack that senior UN officials said has "horrible implications" for famine relief in Ethiopia, a large convoy of donated trucks carrying Western food aid had been ambushed and burned.

Relief officials in Ethiopia said that the convoy, traveling in the north of the country without a military escort, was stopped Friday by rebel soldiers who doused 23 trucks with gasoline and set them afire. They said one driver was shot and killed by the rebels.

Nearly 450 tons of wheat, enough to feed 45,000 people for a month, were destroyed, officials said. In addition, they said, all 23 trucks were destroyed. Most of them were late-model, long-haul vehicles with a combined replacement value of more than \$2 million.

The wheat was a gift from the UN World Food Program and the U.S. government. The trucks were

gifts from Band Aid, a British relief agency, and Catholic Relief Services, an agency based in the United States.

The attack came at a time when the United Nations and Western donors are attempting to rush emergency food aid into northern Ethiopia, where drought threatens nearly a million people with starvation.

Relief agencies have warned that if large amounts of food aid do not reach distribution centers in Eritrea and Tigre by December, there will be a mass migration of destitute people into makeshift camps. It was in similar camps in 1984-85 that hundreds of thousands of Ethiopians died, primarily from infections diseases.

This raid has consequences far beyond the immediate loss of food and trucks," said David Morton, director of operations for the World Food Program in Ethiopia.

"It raises questions about the future movement of any relief food in the north. For Eritrea and Tigre, the attack has horrific implications.

The attack, Mr. Morton said, comes just as the United Nations is "appealing to the donor community for logistical support in transporting food."

A report early this month by a multidonor committee on relief transport said that 300 additional long-haul trucks were needed to deliver the 400,000 tons of relief food needed in Eritrea and Tigre next year. The food program had only 40 trucks in the north — before the raid.

The convoy was attacked while traveling south from Asmara, the capital city of Eritrea, towards the Tigray city of Adigrat. Officials said the attack occurred about 30 miles (48 kilometers) from Asmara, on a road where rebels in recent years have allowed free passage of relief convoys.

The British Broadcasting Corp. reported Sunday that an Eritrean rebel group called the Popular Liberation Front claimed responsibility for the raid. The BBC quoted the rebel group as saying that the attack was done in order to disperse enemy forces escorting the convoy.

Mr. Morton and other relief officials contacted in Addis Ababa, the Ethiopian capital, insisted that the convoy was not escorted by the Ethiopian military.

"If the rebels were going for a military target, why did they burn the trucks and the food?" Mr. Morton said.

Rebels in Eritrea, including the Popular Liberation Front, have been fighting for autonomy from the government in Addis Ababa for 27 years. The conflict is the longest continuing civil war in the world. October is the traditional month for a government offensive against the rebels, and fighting in the region has been intense in recent weeks.

Relief officials said that they were relying on trucks to deliver most of the relief food needed in Tigre and Eritrea. But Mr. Morton said that the rebel raid increases the likelihood that much of the food may have to be transported by air — at more than double the \$140-a-ton cost of delivery by truck.

■ French Nurse Freed

Sophie Bedon, a French nurse held by the Tigre People's Liberation Front for more than three weeks, was released on Saturday and handed over to the French Embassy in Khartoum, Reuters reported from Khartoum.

WORLD BRIEFS

Belgrade Sends Police to Halt Unrest

BELGRADE (AP) — Yugoslavia's state presidency, warning of potential danger to national security, has sent a special police unit to Kosovo to control ethnic tensions in the southern province, the official news agency Tanjug said Sunday.

The move, which follows demonstrations by thousands of people in Kosovo, means that federal authorities have taken over local police and judicial organs there.

Kosovo has been plagued by tension between its ethnic Albanian majority and the Serb and Montenegrin minorities who make up 15 percent of the population of the economically distressed region.

Slepaks Fly From Moscow to Vienna

VIENNA (AP) — Vladimir Slepak, a leader in the fight for increased Jewish emigration, arrived here from Moscow on Sunday on his way to Israel, ending a 17-year struggle to leave the Soviet Union. "It's like a dream," he said.

Mr. Slepak, 59, who first applied to emigrate in 1970, said he did not seek his release as a change of Soviet policy toward Jewish emigration but rather as a result of Western pressure. He said his release, along with his wife, Maria, was a gesture to the West because the Soviets "need new help, credit and support from the West."

The Slepaks displayed a banner from their balcony in 1978 demanding permission to emigrate to Israel. That led to charges of malicious hooliganism and a five-year term in internal exile in a village near the Siberian border.

Colonel Assumes New Powers in Fiji

SUVA, Fiji (Reuters) — Lieutenant Colonel Siriveni Rabuka has tightened his grip on the nation, assuming powers of detention without trial. He has also suspended all political and trade union activity and given the military extraordinary powers.

Colonel Rabuka, in his 12th decree since he staged a coup Sept. 25, gave the army-backed government the right to restrict the movement of people, including deportations from the country. Under the decree, security forces would be exempt from murder charges if they killed someone "in making a lawful arrest or preventing escape, to suppress a riot or to prevent a criminal offense."

The decree was released Saturday, but with the absence of newspapers, most Fijians remained unaware of it. Colonel Rabuka proclaimed Fiji a republic earlier this month, saying he wanted to give ethnic Fijians political supremacy over Fijians of Indian descent, who slightly outnumbered him.

Louisiana Governor Concedes Defeat

NEW ORLEANS (AP) — Governor Edwin Edwards of Louisiana conceded to U.S. Representative Charles E. (Buddy) Roemer III early Sunday, saying he would not pursue a runoff election for a fourth term.

Governor Edwards, 60, told backers that he had determined "that it would be inappropriate for me to continue this election." He finished second to Mr. Roemer, 44, in Saturday's primary, but conceded victory after two other major challengers indicated that they would back Mr. Roemer in a runoff.

With 3,197 of 3,262 precincts reporting, about 98 percent, Mr. Roemer had 515,062 votes or 33 percent. Governor Edwards had 441,672 votes or 28 percent. Both are Democrats.

Tahiti Clashes Bring On Emergency

PAPEETE, Tahiti (AFP) — French authorities have declared a state of emergency in this Pacific territory and have imposed a dusk-to-dawn curfew in Papeete and four neighboring towns after clashes between the police and striking dockers.

Fifteen persons were injured, two of them seriously, in the clashes, which took place Friday night. Scores of shops and houses were wrecked and burned, and lumberyards were gutted when the police moved to end the occupation of the port by dockers. About 100 people were arrested and accused of looting.

The dockers, who started their occupation Thursday, are demanding that extra workers be hired. Three mobile police squads of 100 men each were sent to Papeete on Sunday, two from Paris and one from the French South Pacific territory of New Caledonia.

Mubarak and Gemayel Meet in Cairo

CAIRO (Reuters) — In a meeting reflecting Egypt's renewed respectability among Arab leaders, President Amin Gemayel of Lebanon and President Hosni Mubarak of Egypt held talks Sunday to discuss Arab politics and relations between their countries.

Their two-hour meeting underscored "Egypt's keenness to preserve Lebanon's legitimate sovereignty and the return of stability to the country," said Esam Abd El Meguid, the Egyptian foreign minister.

Acknowledgment of the meeting contrasted with official secrecy over Mr. Gemayel's talks with Mr. Mubarak 18 months ago. Egypt was ostracized by most Arab League members after its 1979 peace treaty with Israel.

TRAVEL UPDATE

AMERICAN TOPICS



BACK TO LITTLE ROCK — Carlotta Walls Lanier and Terrence Roberts, two of the Little Rock Nine, who desegregated Central High School in the Arkansas capital in 1957, lead the seven other former students through the schoolhouse door 30 years later.

Danny Johnson/The Associated Press

Taping Family Lore And How to Do It

The older generation embodies "a tremendous cultural resource" that is all but ignored in modern America, says William Fletcher, a Washington anthropologist, "and we can tap into it."

For Mr. Fletcher, 43, that means taping oral family history with a tape recorder or videotape camera. Sitting down with an aging parent or relative and recording a sentimental journey into the past, he says, is a powerful and priceless undertaking.

Mr. Fletcher, the author of "Recording Your Family History" (Dodd, Mead & Co., \$18.95), laments the loss of the cross-generational interaction that happened almost daily 75 years ago. Contact with grandparents today may occur only during hectic holiday visits.

Vivica Stackig, 31, a Silver Spring, Maryland, advertising executive, says: "The stories that they have to tell if you ask them good questions are just amazing." She says the hours taping her grandmother's recollections were "the most meaningful, interesting, fun, fascinating and entertaining" time they had spent together.

Miss Stackig has put together an oral family history kit, "Grandmother's Memories" (Random House, \$24.95), which includes a guidebook with "sentence starters" and "memory joggers" on 14 subject categories.

Short Takes

A plan to reopen five darkened playgrounds has been offered by New York's Mayor Edward I. Koch and his Office of Film, Theater and Broadcasting in the

latest effort to revive the depressed Broadway theatrical scene. A trust of theatrical professionals would produce promising plays and musicals. Theater owners would get free maintenance, and could share in profits. Ticket prices would be \$10 to \$20, less than half the current range. Casts and crews would work for less than scale. The city would make an initial \$5 million grant, and \$7 million annually would come from a \$1 surcharge on theater tickets.

Stanford is the best university in the United States and Williams is the best liberal arts college, according to U.S. News & World Report's third survey of 764 college presidents, which is conducted every two years. The remaining nine of the first 10 among universities were Harvard, Yale, Princeton, California at Berkeley, Dartmouth, Duke, Chicago, Michigan and Brown; among colleges: Swarthmore, Carleton, Amherst, Oberlin, Pomona, Wesleyan of Connecticut, Wellesley, Haverford and Grinnell.

The Commission of Fine Arts in Washington has voted 4-1 to reject the proposed Vietnam Women's Memorial, centering on a bronze statue of a nurse at the Vietnam Veterans Memorial. Commissioners who opposed it said approval would have established a precedent for placing other figurative statues there. "It will never end," said Chairman J. Carter Brown. Stephen Young of the Vietnam Women's Memorial Project said the commission had "insulted the women of America." Donna-Marie Bulay, a Vietnam veteran, said: "This matter is far from over."

The United Way, an annual effort in which various charities

band together to raise money in U.S. cities, is 100 years old this year. It started in Denver when the population jumped from 5,000 to 100,000 in five years and, as The New York Times put it, "social problems had grown too great to be addressed by sporadic hat-passing."

The U.S. Mint's American Eagle gold coins, one year old this month, are outselling the banned South African Krugerrand and the Canadian Gold Leaf as the coin most widely held by American investors. Sales exceed \$1.5 billion. This is far over my projections, and the U.S. Treasury has profited by about \$180 million, according to Donna Pope, the mint's director.

Notes About People

Richard M. Nixon said in a confidential memo to friends, according to the London Sunday Times, that if the U.S. economy faltered, the Democrats "could nominate a jackson and probably win" the 1988 presidential election. The memo was written shortly before this month's stock market crisis.

Arizona's former governor, Bruce Babbitt, badly in need of publicity in his quest for the Democratic presidential nomination, appeared on TV's satirical "Saturday Night Live." He was the first of the current candidates to accept the program's open invitation. In his skit, Mr. Babbitt denied having any of the character flaws that have felled other Democratic candidates, then was caught with 14 items in a supermarket's 10-item express checkout line.

—ARTHUR HIGBEE

AFL-CIO Votes to Readmit Teamsters Union

By Frank Swoboda

Washington Post Service

MIAMI BEACH — The AFL-CIO has voted to allow the Teamsters union back into the federation three decades after it was kicked out as corrupt.

Moreover, the federation took steps to give Jackie Presser, the indicted president of the Teamsters union, a seat on the ruling policy council.

The 35-member executive council of the AFL-CIO, the largest U.S. labor organization, debated

the Teamsters issue for less than an hour before voting unanimously on Saturday to readmit the 1.8 million-member union, which represents truck drivers and related service workers. The reaffiliation will take effect Nov. 1.

The addition of the Teamsters gives the AFL-CIO new clout both politically in Congress and in their efforts to organize and to strike. In many areas, particularly construction and service industries, the Teamsters control the flow of goods.

The AFL-CIO president, Lane Kirkland, defended the reaffiliation vote, despite Mr. Presser's federal indictment on fraud and racketeering charges and the U.S. Justice Department's threat to take over the Teamsters union on the ground that it is controlled by organized crime.

The executive council voted to expand its ranks to make room for Mr. Presser. The ruling body approved an amendment to the AFL-CIO constitution that would allow the council to create additional seats before the next convention in 1989.

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U.S. Panel Cites 'Severe Lack' Of Facilities for AIDS Victims

By Robert Pear

New York Times Service

WASHINGTON — A panel of federal health experts is recommending a wide range of measures to combat the AIDS epidemic and to provide health care for its victims.

In a confidential report, the panel says there is a "severe lack" of facilities to care for people with the acquired immune deficiency syndrome. It says federal and state

officials should provide financial incentives to encourage nursing homes, hospices and home care as alternatives to hospitalization of AIDS patients.

"The cost of care for these patients will become prohibitive" unless such alternatives are found, according to the panel, led by Dr. David N. Sundwall, an assistant surgeon general in the Public Health Service.

A copy of the study was obtained from a federal official who said he hoped its disclosure would goad people into acting on its recommendations, which represent the government's most comprehensive effort so far to assess the effect of the AIDS epidemic on the nation's health care system.

The study was conducted at the request of Dr. Robert E. Windom, an assistant secretary of health and human services.

The report says states must dramatically expand drug treatment programs to prevent the spread of AIDS through intravenous drug abuse. The panel expresses cautious interest in the idea of dispensing sterile needles and syringes to drug addicts.

Dr. Roy W. Pickens, director of clinical research at the National Institute on Drug Abuse, a member of the panel, said his agency wanted to finance research to determine whether such a program would reduce the spread of AIDS without increasing drug abuse.

The report also makes these points:

• Private insurers and Medicaid, the federal-state program for the poor, should pay for experimental new drugs that show promise in the treatment of AIDS but have not been approved for marketing.

• Professional schools should provide more training to doctors, nurses, dentists, social workers and other health-care personnel on dealing with AIDS patients and their families. The federal government should help pay for such training because there is a severe shortage of people to diagnose, treat and counsel people with AIDS.

• Many religious and charitable groups are providing valuable services to AIDS patients. But "there is a lack of collaboration among private-sector organizations," and

"there is a clear need for federal leadership" to link them together.

• Infection with the AIDS virus is being detected in many small towns and rural areas that lack the resources to care for AIDS patients. The government should disseminate the latest scientific information to doctors in such areas.

• The federal government should provide mortgage insurance to encourage construction and expansion of nursing homes that agree to care for AIDS patients.

• The progression of symptoms in AIDS patients, especially those who become demented or emaciated, often resembles that seen in elderly people with chronic illnesses. "People with AIDS often find themselves competing for health and medical services and facilities required by the elderly."

• "There will be a steady increase" in the number of children with AIDS as long as the virus continues to spread among intravenous drug users. States should help arrange foster care and day care for such children as an alternative to hospitalization when possible.



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U.S. to Embargo Trade With Iran After Attacks In Mexico, Officials Assert

By Lou Cannon
and David B. Ottaway
Washington Post Service

WASHINGTON — The Reagan administration has decided to impose a trade ban on Iran in response to what it views as increasing Iranian hostility toward U.S. interests in the Gulf, according to U.S. officials.

A senior official said President Ronald Reagan was poised to sign the order, aimed chiefly at preventing imports of oil from Iran and restricting exports of machinery and other supplies.

The ban will be "nearly total," the official said, although some exports of medical supplies will be allowed for "humanitarian reasons."

"The order imposing the trade ban is on the president's desk and has been signed off on by all his advisers," the official said Friday.

The administration has been under intense congressional pressure to ban at least some imports from Iran, despite skepticism among many U.S. policy-makers that an oil embargo could be enforced.

Both the House and Senate earlier this month voted overwhelmingly in favor of a ban on Iranian imports after Commerce Department figures revealed that Iran had become the second-largest supplier of crude oil to the United States in July.

Iran has attempted to purchase \$40 million worth of oil field equipment from U.S. companies to replace machinery damaged by Iraqi air attacks. These purchases would be prohibited by the prospective ban.

A senior official who confirmed the pending administration action said that the congressional pressure had been an important element in the decision.

He said "it was preferable to take such action by executive order" because it would give the administration more flexibility in lifting the ban if Iran softened its attitude toward the United States and toward United Nations efforts to bring about a cease-fire in the war between Iran and Iraq.

One such sign of a changed Iranian attitude would be acceptance of UN Resolution 598, which calls for a cease-fire and a negotiated political settlement to the war.

A trade ban on Iran has been under discussion within the administration for months, and a State Department official explained that Iran's recent missile attack on a U.S.-flagged ship off Kuwait had

hardened the administration's attitude.

Pan Am Office Bombed

Tehran Radio said Sunday that anti-American attacks such as the bombing Saturday of Pan American World Airways office in Kuwait might recur. Reuters reported from Nicosia, where the broadcast was monitored.

A small explosive device shattered windows at the seafront office but caused no injuries. Two Kuwaiti newspapers blamed Iran and its sympathizers.

"What happened yesterday can be cause for concern for American statesmen, as it was directed against a U.S. company and especially because it is not unlikely that such acts of protest will be repeated in Kuwait or its neighboring countries," the radio said.

"There is no effective defense against an individual's quest for martyrdom, and we possess this weapon," Prime Minister Mir Hussein Moussavi told Tehran Radio.

Kuwait Bolsters Defenses

Military experts and diplomats say Kuwait is seeking more advanced anti-missile systems and is redeploying its American-made Hawk missiles against an increasing threat from Iran. The New York Times reported from Kuwait.

The sources said, however, that Kuwait was unlikely to build an effective screen soon.

Last week, after missiles struck two ships in Kuwaiti waters, including the tanker Sea Isle City, Kuwait's defense forces began moving batteries of Hawks from a ridge near the Iraqi border to Faylakhan Island, diplomats said.

The island is roughly between Kuwait's major oil installation at Al Ahmadi and the Iranian Silk worm sites in captured Iraqi territory on the Faw Peninsula.

Kuwait has also been seeking more sophisticated and diversified anti-missile systems, military experts said, including electronic means to jam the guidance systems of incoming missiles.

"But these systems are very complicated and very expensive," a military expert cautioned. "It could take not just months, but possibly years, to get them operational."

SHIFT: Israel Rethinks Tilt in Gulf

(Continued from Page 1)
ing one of the most feared and active guerrilla units.

The Israeli newspaper Yediot Almonot reported last week that some funding for Palestinian guerrilla activities in the West Bank and Gaza was being provided by Iran.

"The religious awakening of the Arabs in the territories is very threatening," Major General Amnon Mizrahi, a top Israeli commander, declared last week.

For all of these reasons, said Aharon Yariv, the former chief of Israeli Army intelligence and an advocate of Israeli support for Iraq, "We are starting to see a much more balanced view here of the Iran-Iraq war. There are a growing number of voices in support of Iraq, although they are still in the minority."

The incipient pro-Iraq lobby has not been able to bring about any tangible shift in Israeli policy. But as the pro-Iraq voices grow, they are bound to have an impact.

Israeli officials already insist that their country, which has sold arms to Iran on and off since the Gulf War began, is no longer extending aid to Tehran.

Israel's powerful pro-Iraq lobby seems to be confirming its backing for Tehran to emotional support. This lobby is made up of some defense and intelligence officials

who dealt for years with the previous regime of Shah Mohammed Reza Pahlavi, as well as members of Israel's military-industrial complex.

Among the voices of the pro-Iraq lobby is Amatzia Baram, a lecturer in Middle East Studies at Haifa University.

"If you are ready to risk an Iranian victory in the war then you could be risking the very existence of the state of Israel," he said. "After an Iranian victory the atmosphere in the countries around us would be so unstable and paranoid, no Arab leader would dare enter into a peace with Israel."

Moreover, said Mr. Baram, Iraq's more accommodating attitude toward Arab peace negotiations with Israel, and its alliance with the most moderate Arab countries, may be purely tactical in Iraqi eyes, but they have no other choice.

Sands Urge Sanctions

Saudi Arabia called Sunday for sanctions against Iran as the Gulf Arab nations tried to forge a unified stance against Iranian attacks on Kuwait, Reuters reported from Riyadh.

Ministers of the six-nation Gulf Cooperation Council met in the Saudi capital amid reports that Egypt, which is not involved in the talks, had sent pilots and other military aid to Kuwait.

ALCOHOL: U.S. Supreme Court Is Joining the Debate

(Continued from Page 1)
al Association concurred in the disease concept.

Treatment today overwhelmingly rests on the notion that alcoholism is a disease of unknown origin, without a cure, and that the only way to arrest its development is abstinence.

In recent years, however, a growing minority of alcoholism experts contend that the pendulum has swung too far.

They contend that alcoholism is a behavioral problem, not a medical one. They reject the idea that genetics play a primary role and contend that the disease concept "blurs the issue of moral responsibility."

"People are using alcoholism as an excuse for wife abuse, vehicular homicide, embezzlement, every crime you can think of," said Stanton Peele, a New Jersey psychologist whose book, "The Meaning of Addiction," disputes the notion of alcoholism as a disease.

"The more and more we allow alcoholism to be used as an excuse for misbehavior," he said, "the more misbehavior we get."

Treatment of alcoholics, who Mr. Peele contends are "deficient in certain values" should stress that drinking is a "moral choice," not a disease.

The case before the Supreme Court was brought by veterans who contend that alcoholism, as a dis-



BUDGET: Charges Traded in U.S.

(Continued from Page 1)
spending cuts required under the revised budget-cutting law.

Broad Freeze Considered

Steven V. Roberts of The New York Times reported earlier from Washington:

As White House aides worked over the weekend on their strategy for budget negotiations with congressional leaders, beginning this week they were giving serious consideration to a proposal that would freeze domestic and military

spending, with the exception of Social Security, at this year's levels.

White House aides cautioned that final decisions had not been made on the administration's negotiating position, and that a freeze on spending could take many forms. But they noted that Mr. Reagan had commented favorably on the idea of a freeze in a speech Friday at the Labor Department.

"You won't solve the problem just by raising taxes," a White House official said Saturday. "You've got to put some focus on restraining spending. And you can get to where you want to go by thinking of some sort of a freeze."

In his regular weekly radio address on Saturday, Mr. Reagan tried to set a sober but upbeat tone after last week's unprecedented decline in the stock market.

"Though the market has been volatile," he said, "let's remember, if corrections or fluctuations do occur, that as long as consumers do not overreact by losing confidence, our expansion will continue."

Mr. Reagan spent the weekend at Camp David, the presidential retreat in Maryland, after a week in which many of his domestic and foreign policies suffered severe reversals.

White House aides acknowledged that they now worked for a president who had lost a large share of his ability to shape events in the capital.

"It's not a week to be ecstatic about," an official said. "But things are still working well. We need to hunker down and keep at it."

MARKETS: U.S. Slowdown

(Continued from Page 1)
further downward adjustment from the target zones set by ministers last February is inevitable.

The only question dealers pose is whether the adjustment will be made within the framework of a credible package of policy measures or will be forced by speculators mounting an attack.

Official policy is now incoherent — which is why, dealers say, the exchange rate has started to move.

To calm financial markets, the Fed has been pumping liquidity into the banking system. Whether other worrisome securities markets faced, cash was amply available and at even lower rates of interest.

But that lowering of interest rates, without any other policy changes, is destroying the incentive to hold dollars instead of yen or Deutsche marks, dealers said.

Assessing the prospect that governments, particularly Washington, will adopt policies needed to sustain world economic growth and stability, Stephen Marin, an economist at the Institute for International Economics in Washington says:

"We are at the starting gate of a race between economic reality and political inability."

SHERIDAN MORLEY
INTERVIEW WITH AUSTRIAN
REPRESENTATIVE
OF THE CONDUIT THEATER

SPEED: Germans on the Highways

(Continued from Page 1)

nation-wide autobahn speed limit, Mr. Kohl said speed limits "won't bring us anything, we won't do that."

Bernd Bialeck, a spokesman for the traffic ministry, said: "It's not an issue. Speed limits are not being considered. According to our statistics, the average speed on the autobahn is 113 kilometers per hour. The number one cause of accidents on all roads is driving too fast for conditions. Not having a speed limit is both a freedom and a responsibility, a responsibility to drive safely within the context of the conditions."

These conditions include heavy traffic, varying road-surface quality, time of day and the weather. Mr. Bialeck said:

"Even if there is heavy fog, some drivers simply refuse to slow down," he said. "But the terrible chain-reaction accidents in bad weather you see in the newspapers aren't because of excessive speeds. Our statistics show the average speed when these things occur is about 80 kilometers per hour. The problem is, in the fog even that is too fast."

The 8,450-kilometer autobahn system is statistically West Germany's safest highway. Mr. Bialeck added, accounting for only 4 percent of all motor vehicle accidents.

Whether fast driving is myth or reality, it certainly is becoming technologically easier. West German automakers are busy building and selling faster and faster cars.

"We build the most technologi-

cally advanced cars that we can," said Peter Schutz, managing board chairman of Porsche A.G., when asked about the company's reasons for creating the limited-edition Porsche 959 on which the speedometer runs to 315 kph. Carl Hahn, managing board chairman of Volkswagen A.G., calls the automobile "the technical embodiment of freedom."

Whether or not drivers can handle "technical embodiment of freedom" is another matter. It is a darker side of technological capability that contributes greatly to the German obsession with speed, according to Wolfgang Sachs, a sociologist. In his recent book, "The Love of Automobiles," he suggested it was "lust for victory and fear of insult" that motivated fast drivers to tailgate at speed or cut sharply in front of other drivers.

On the A5 between Frankfurt and Darmstadt, both those motivations are clearly evident. And the road itself has a history of speed. Prior to World War II, two German race drivers took turns setting the world land speed record on this long straight stretch of highway. Both died attempting to go faster still.

Quake Reported in Israel

REUTERS
TEL AVIV — An earthquake measuring 4.4 on the open-ended Richter scale shook the southern end of the Dead Sea and sent tremors throughout the Negev desert on Saturday, the Israeli news agency Iham reported.



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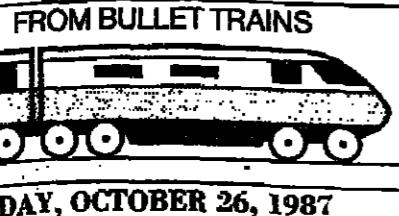
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MONDAY, OCTOBER 26, 1987

Eurobonds**Fluctuating Interest Rates Left the Pros Scrambling**By CARL GEWIRTZ
International Herald Tribune

PARIS — A sharp, sudden drop in interest rates normally can be counted on to delight bond markets. But last week's unprecedented volatility proved to be more of a nightmare. Initially, as stock prices began collapsing, bond prices also tumbled, sending yields sharply higher. Then the central banks stepped in to do what they are supposed to, pumping liquidity into the banking system and trying to spread cash by assuring markets that cash was amply available at even lower rates of interest.

Next, there was the impact from investors who, having dumped their share holdings, moved their cash to the presumed safety of government bond markets.

By the time the dust settled, benchmark rates on government securities were down sharply. Taking just one example, the U.S. Treasury's 30-year bond yielded as much as 10.45 percent and as little as 8.875 percent. At the close of trading Friday it stood at 9.10 percent.

For a market where traditionally a 1/4-point change was considered large gyrations of last week's magnitude were considered enormous.

As benchmark bond yields at first rose, professional dealers moved to protect the value of the paper they held in inventory by selling interest rate futures — thereby hoping to profit from any further drop in price and rise in yield.

The chaos in all markets made it difficult, even for professionals, to enter the futures market. But no sooner had that been achieved, then interest rates started falling, pushing bond prices back up and yields down. Traders then scrambled to undo their loss-making sales, trying desperately to buy futures in the hope that the profit on these would erase the losses on the earlier sales.

The volatility of bond prices numbered investors buying from dealers. For the most part they were simply spectators who, by the end of the week, had profited from the upheavals.

OPINIONS VARY on what damage stock and bond markets may suffer from such exaggerated price movements. Rimmer de Vries, an economist at Morgan Guaranty Trust, expressed "concern about the stability of markets and the possibility of lasting damage to the proper functioning of markets."

"The heart of the capitalist system is its markets. Damage to them can only be harmful."

His fear is that, if investors view the markets as a casino, "they will become extraordinarily more cautious." A strike by investors would "damage the breadth and depth of markets," he believes, which would reduce liquidity and, ultimately, stability.

Even Salomon Brothers, which at its core is a trading house and makes its money out of volatility, found last week's experience jolting. Charles S. McVeigh III, managing director in London, said that the chaotic volatility and major disruptions were good for no one.

Bru Peter Wilmot-Sitwell, co-chairman of Warburg Securities, took a more relaxed view. Acknowledging that the volatility was "unusual and difficult to cope with," he said it was "characteristic of the end of a bear market." It is "too early to say, but yes, if it goes on I could see permanent damage."

Fritz Linoff, general manager of Swiss Bank Corp., said that in today's environment, volatility is something you have got to expect. Markets are reacting to imbalances in the world which sooner or later call for a reaction. What worries me about the volatility is the consequences it could have on the real economy."

Others, including Hans-Joerg Rudolf of Credit-Suisse First Boston, found comfort that whatever else was happening "markets remained liquid."

That was not the case for Japanese equity warrants. A number of investment banks active in that sector just stopped quoting prices.

But Amir Eilon of Morgan Stanley, which claims a 30 percent share of that market niche, insisted that the market was still functioning. He acknowledged there was less willingness to quote prices to other market makers and that spreads between bid/asked prices quoted among professionals had widened to 1/4 points from the normal 3/4 point. But spreads for genuine clients were unchanged, he said.

Meanwhile, the four equity-linked issues scheduled to have been priced last week were withdrawn. These included: Hokkai Can's \$80 million issue, Intec's \$100 million, Keio Tetsu Electric Railways' \$100 million and Matsuyadenki's \$30 million.

The most controversial action last week was the decision by Merrill Lynch to cancel the three convertible bonds from Bell Resources. The three issues, launched simultaneously on Oct. 7,

See EUROBONDS, Page 9

Currency Rates

Cross Rates		Oct. 23		Oct. 24		Oct. 25		Oct. 26		Oct. 27	
5	£	D.F.	F.F.	G.D.	G.F.	S.F.	Yen	1,265	1,271	1,272	1,272
Amsterdam	2,931	3,245	4,224	5,154	5,394	5,315	5,322	25,14	25,14	25,14	25,14
Austria (a)	3,725	20,861	4,542	2,978	18,523	1,524	1,524	2,022	2,022	2,022	2,022
Bamberg	1,704	2,997	—	—	—	—	—	2,079	2,079	2,079	2,079
Caracas (b)	2,094	2,998	2,998	2,998	2,998	2,998	2,998	3,27	3,27	3,27	3,27
Milan	1,202,20	2,164,00	721,45	712,76	412,51	34,54	34,54	37,65	37,65	37,65	37,65
New York (c)	1,488,51	1,488,51	1,488,51	1,488,51	1,488,51	1,488,51	1,488,51	1,488,51	1,488,51	1,488,51	1,488,51
Paris	4,028	5,998	2,341	2,341	2,341	2,341	2,341	2,341	2,341	2,341	2,341
Rome	1,495	1,495	1,495	1,495	1,495	1,495	1,495	1,495	1,495	1,495	1,495
Zurich	1,495	5,915	1,238	1,238	1,238	1,238	1,238	1,238	1,238	1,238	1,238
ESCU	1,511	6,034	2,075	4,047	1,497,24	2,324	43,29	1,217	1,217	1,217	1,217
SDR	1,293	5,912	1,238	7,008	1,489,57	2,324	43,783	1,938	1,938	1,938	1,938

(a) Changes in London; (b) Tokyo and Zurich. Returns in other centers. New York rates of 1986. (c) Commercial franc; (d) To buy one pound; (e) To buy one dollar; (f) Units of 100; (g) not quoted; (h) not available.

Other Dollar Values		Oct. 23		Oct. 24		Oct. 25		Oct. 26		Oct. 27	
Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$
Arlan, central	1,443	1,443	1,443	1,443	1,443	1,443	1,443	1,443	1,443	1,443	1,443
Aust. schill.	12,75	12,75	12,75	12,75	12,75	12,75	12,75	12,75	12,75	12,75	12,75
Balk. rls. fr.	37,615	37,615	37,615	37,615	37,615	37,615	37,615	37,615	37,615	37,615	37,615
Brazil crv.	3,247	3,247	3,247	3,247	3,247	3,247	3,247	3,247	3,247	3,247	3,247
Colombia peso	1,374	1,374	1,374	1,374	1,374	1,374	1,374	1,374	1,374	1,374	1,374
Costa Rica colon	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221
Danish krone	671	671	671	671	671	671	671	671	671	671	671
Egypt, pound	2,23	2,23	2,23	2,23	2,23	2,23	2,23	2,23	2,23	2,23	2,23
Swiss franc	1,489,57	1,489,57	1,489,57	1,489,57	1,489,57	1,489,57	1,489,57	1,489,57	1,489,57	1,489,57	1,489,57

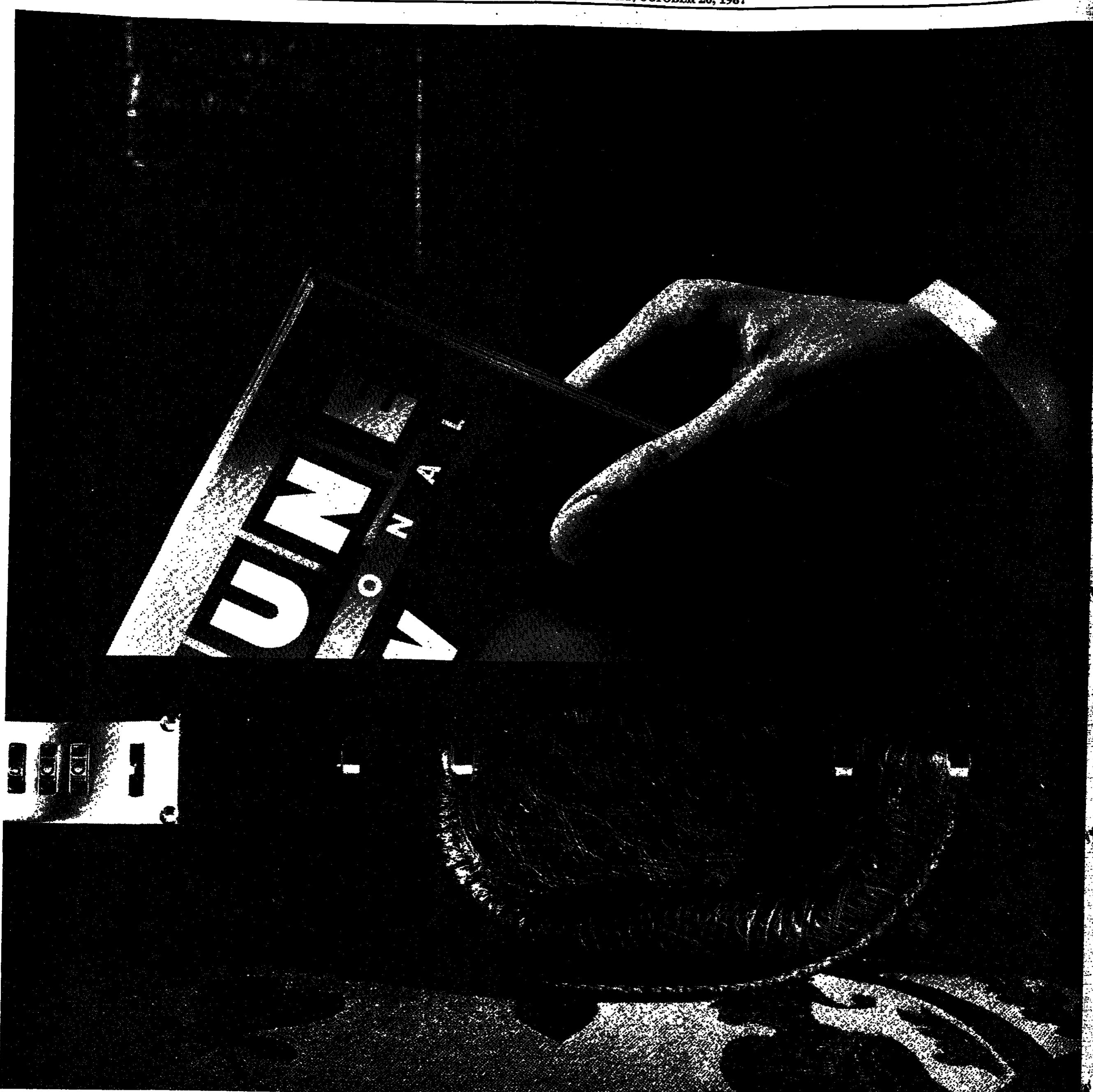
(a) Commercial bank (Brussels); (b) Banca Commerciale Italiana (Milan); (c) Banque Nationale de Paris (Paris); (d) Bank of Tokyo (Tokyo); (e) IMF (SDR); (f) BAAI (dollar, riyal, dirham); (g) Eurobond. Other data from Reuters and AP.

Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes		Money Rates		United States		Oct. 23		Oct. 24		Oct. 25	
D.J. Indus.	1,952,74	2,346,74	—	13.17	—	—	—	—	—	—	—
D.J. Util.	183,56	190,14	—	0.34%	—	—	—	—	—	—	—
D.J. Trans.	746,60	941,65	—	20.4%	—	—	—	—	—	—	—
S&P 500	2,527,20	2,627,70	—	11.3%	—	—	—	—	—	—	—
S&P Ind.	265,38	325,43	—	12.3%	—	—	—	—	—	—	—
NYSE Co.	1,97,22	191,13	—	72.5%	—	—	—	—	—	—	—
FTSE 100	1,955,20	2,301,90	—	22.0%	—	—	—	—	—	—	—
F.T. 30	1,794,20	1,812,50	—	23.0%	—	—	—	—	—	—	—
Japan	1,562,22	2,364,74	—	12%	—	—	—	—	—	—	—
West Germany	1,666,70	1,676,60	—	11.2%	—	—	—	—	—	—	—
Denmark	1,200,22	1,200,22	—	—	—	—	—	—	—	—	—
Hong Kong	1,200,22	1,200,22	—	—	—	—	—	—	—	—	—
Malta	1,200,22	1,200,22	—	—	—	—	—	—	—	—	—
Nicar.	410,30	478,10	—	14.18	—	—	—	—	—	—	—

London P.M. F.R.S. Oct. 23 Oct. 16 Curb



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Turmoil Could Be

By Carl Gewirtz
International Herald Tribune

PARIS — Last week's frantic financial markets can only good things for the international business pack managers.

They expect a period where bond and stock markets will respond to the sale of new paper during a period when money flows to the banks. At some time, borrowing costs are expected to rise. That's likely if volume of business picks up.

Investors, scared at the prospect of losses at banks heavily involved in equity markets and the insurance industry, might reduce their demand for deposits — particularly in offshore centers — and increase their demand for short-term bonds, especially U.S. Treasury bonds and bills.

Even before last week's announcement, bankers say Japanese banks — which are estimated to account for 20 percent of the syndicated loan market — were being forced to demand higher returns on loans because of the new rules on capital requirements expected to emerge by year-end.

EUROBON

The bonds were convertible shares of Broken Hill Pty. at par, ranging from 12.36 to 12.56 Australian dollars, premiums of 10 percent. By last week, with stock price down to 7.90 dollars, conversion premium had risen to almost 60 percent.

All three issues carried "put" options giving holders the choice to return the bonds after six years for par and assuring yields, then equivalent to those prevailing in domestic government paper, of 10 percent on the U.S. dollar bond, 10.48 percent on the sterling issue and 12.56 percent on the Australian dollar paper. Last week's declines in interest rates make these put options less dangerous.

BANKS: Col

The comptroller of the currency, Robert Clarke, chief regulator of nationally chartered banks, said: "Undoubtedly, there are going to be more cries from opponents of regulation. It will just make it harder to educate people." The underlying conditions of advanced technology and increased competition that have forced bankers to seek new powers remain unchanged, bankers argue. Many agencies of the federal government, including the Office of Thrift Supervision, the Federal Home Loan Bank Board, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Office of the Secretary of the Treasury, and the Office of the Director of the Federal Reserve System, are involved in bank regulation.

Richard M. Whiting, general counsel of the Association of Bank Holding Companies, said that his week had shown "that a marriage between commercial banking and investment banking has nothing with the ups and downs of the market."

New International Bond Issues

Compiled by Lawrence Desvilles

Issuer	Amount (millions)	Mat.	Coup. %	Price end week	Price end week	Terms
FLOATING RATE NOTES						
Sprint II	\$ 35	1992	0.20	100.10	—	Over 6-month Libor. Noncallable. Fees 0.15%. Denominations \$10,000.
Wings 2	\$ 37.5	1992	1/4	100.05	99.88	Over 6-month Libor. Noncallable. Fees 0.10%. Denominations \$10,000.
Banque de France	Y 15,000	1994	1/16	100	—	Over 6-month Libor. Callable at par in 1989. Fees 0.25%. Denominations 10 million yen.
FIXED-COUPON						
Barclays Bank Finance	\$200	1989	10 1/4	101 1/4	102 1/4	Noncallable. Fees 1 1/4%. Denominations \$10,000.
European Investment Bank	£100,000	1993	12	100	—	Callable at 10 1/4% in 1991. Fees 1 1/4%.
DNC Finance Int'l	CS 50	1989	11 1/4	112 1/4	—	Noncallable. Each \$10,000 bond with one warrant to buy \$2700 with sterling at a fixed exchange rate to be set Nov. 3. Fees 1 1/4%.
Eurofima	CS 75	1990	10 1/4	112 1/4	111.11	Noncallable. Also 7,500 warrants, exercisable on Oct. 20, 1988, to sell U.S. dollars for sterling at a fixed exchange rate of \$1.459 per pound.
Wings 1	Auds 129	1996	8 11/16	100.56	—	Noncallable. Payable in U.S. dollars and redeemable in NZ and Aus. dollars, sterling and Deutsche marks. Fees 2 1/2%. Denominations Aus\$1 million.
Centrust Savings Bank	Y 2,700	1992	6	101 1/4	—	Noncallable. Fees 1 1/4%. Denominations 20 million yen.
Centrust Savings Bank	Y 4,000	1994	5 1/4	101 1/4	—	Redeemable and callable at par in 1992. Fees 1 1/4%. Denominations 20 million yen.
Stop Bank	Y 5,000	1992	3	100 1/4	—	Coupon will be 3% until 1989, rising to 7.7% thereafter. Fees 1 1/4%. Denominations 100 million yen.
EQUITY-LINKED						
Avis	£ 50	2002	5 1/4	100	94.00	Redeemable at 143% in 1992 to yield 10 1/4%. Convertible into Avis Europe PLC shares at 447 pence per share, a 37% premium. Fees 2 1/4%.

Turmoil in the Markets Could Benefit Lenders

By Carl Gewirtz

International Herald Tribune

PARIS — Last week's turmoil in financial markets can only mean good things for the international bank business, bank managers report.

They expect a period where both bond and stock markets will be unreactive to the sale of new paper, driving companies who want money back to the banks. At the same time, borrowing costs are expected to rise. That's likely if the volume of business picks up.

But it may be inevitable regardless of what happens to volume.

Brendan Brown of County NatWest Bank said last week that

INTERNATIONAL CREDIT

"investors, scared at the possibility of losses at banks heavily involved in equity markets and the securities industry, might reduce their demand for deposits — particularly in offshore centers — and increase their demand for first quality bonds, especially U.S. Treasury bonds and bills."

In addition, he said that the interbank market might witness "a reduced willingness to lend to Japanese banks, who are, in aggregate, large net borrowers in the Eurodollar, given their perceived risk exposure to the Tokyo equity market."

Regardless of what happens to the banks' cost of money, those who lost money in the debacle in financial markets will be searching for higher returns than previously previously in the credit market.

Even before last week's crash, bankers say Japanese banks — which are estimated to account for 40 percent of the syndicated credit market — were being forced to seek higher returns on loans because of the new rules on capital requirements expected to emerge by year-end.

EUROBONDS: Rates Leave the Pros Scrambling

(Continued from first finance page)

The bonds were convertible into shares of Broken Hill Pty, at prices ranging from 12.36 to 12.56 Australian dollars, premiums of some 20 percent. By last week, with the stock price down to 7.90 dollars, the conversion premium had widened to almost 60 percent.

All three issues carried "puts" — giving holders the choice to redeem the bonds after six years for cash and assuring yields, then equal to those prevailing in domestic government paper, of 10 percent on the U.S. dollar bond, 10.48 percent on the sterling issue and 12.56 percent on the Australian dollar paper. Last week's declines in interest rates make these put options look generous.

The final terms on the bonds

China, Soviet To Take Part in Eurotunnel Loan

Compiled by Our Staff From Dispatches

LONDON — China and the Soviet Union will lend a total of £105 million (\$173 million) to the British-French consortium that is planning to build a tunnel beneath the English Channel.

The Moscow Narodny Bank is expected to put in £65 million and the Bank of China and China's Civic Industrial Bank are expected to lend £40 million, the spokesman for the group said Saturday.

Entourail plans to raise £5 billion of the £10 billion cost of the tunnel from 198 banks.

The banks' underwriting agreements will be conditional on the consortium raising £750 million over four days.

Analysts say the issue could be jeopardized by last week's stock market collapse.

for Mountleigh Group. The property company's two-year facility can be extended to five years, at the option of the lenders. Interest during the first year is set at 1/2 point over Libor and thereafter at 1/2 point over.

Mountleigh will pay 1/4 percent on undrawn amounts as well as picking up the reserve asset costs of lenders. It is estimated that it will add another 7 to 8 basis points to the cost of the loan.

Leeds & Holbeck, the British building society named First Chicago to arrange a £50 million, five-year loan. Interest is set at 18 basis points over Libor and the commitment fee is 6/4 basis points.

Mo Och Domsjo AB, the Swedish paper company known as MoDo, appointed Warburg to arrange an uncommitted bankers' acceptance facility.

In the sterling market, Citibank is syndicating a £200 million credit

were set the week before last and the formal closing documents were scheduled to be signed Monday.

Merrill Lynch attributed the cancellation to the unprecedented volatility and adverse changes in world financial conditions." While no one contested that statement, the co-managers of the issue were not unanimous in favor of the decision.

"Underwriters do not walk away from deals when they make money, why should be permitted to when they don't," said one banker who attended the meeting.

This banker, who asked not to be identified, said the bonds had been allotted and distributed two weeks ago. The paper then traded hands on a "when-issued" basis. "Investors who bought at the start and then sold possibly made a consider-

able profit," he said, explaining the unhappiness over the withdrawal of bonds whose terms are now so out of line with prevailing market conditions.

The widely held assumption among these co-managers is that Merrill had a substantial gain in the bonds. This view was disputed by Stanislas Yassukovich, chairman of Merrill Lynch International, who said that "it's in our interest to have paper issued at a wrong price."

Normally, withdrawing an issue late in the distribution process would be a result of a dramatic change in the company's financial health, not a change in market conditions. Some of the co-managers raised the possibility that Merrill might be challenged in court over the decision.

Regulators would not permit First Options to borrow cash from its immediate parent, Continental Illinois National Bank & Trust Co., to stay afloat. Instead, First Options had to borrow from Continental Illinois Corp., the parent of Continental Bank.

If the holding company or some other company had not rescued First Options, the firm would have been allowed to fail rather than jeopardize the health of Continen-

tal Bank, regulators said.

However, Scott E. Pardee, vice chairman of Yamaichi International (America) Inc., one of Japan's largest securities firms, said, "Thank God for Glass-Steagall."

"I don't buy the Chinese Wall theory," he said. "Chinese Walls could be very difficult to maintain given a fall like Monday's."

Critics of the Chinese Wall theory point out that a bank holding company that was forced to rescue a securities affiliate would be less able to shore up its banking subsidiary in a crisis.

Regulators point to First Op-

tions of Chicago Inc., a major lend-

er to stock options traders that suf-

fered millions of dollars in losses

from the stock plunge and was on

the brink of collapse last week.

"Even if the combination of

OPEC Leader Sees New Difficulties in Setting Pact

Rilwan Lukman, president of the Organization of Petroleum Exporting Countries and Nigeria's oil minister, has a difficult task ahead. At a time of turbulence on world financial markets and persistent tensions in the Gulf, he has been preparing the ground for OPEC's next full conference, in Vienna in December. He acknowledges that debate at the meeting, which will attempt to fix a new reference price for crude oil contracts and new production quotas among OPEC members, may be "very heated." But Mr. Lukman's diplomacy has won praise from all sides, particularly in an environment of growing friction between two OPEC members, Saudi Arabia and Iran.

On Friday, Mr. Lukman delivered the keynote address to the eighth annual Oil & Money Conference in London sponsored by the International Herald Tribune and Oil Daily. At the conference, he spoke with the IHT's London correspondent, Warren Gerler.

Q: How is the recent sell-off on global stock markets likely to affect OPEC's pricing decision at the next plenary meeting in December?

A: I think it's premature to start talking about how events in the stock market are going to affect [oil] prices because one doesn't quite know how far this is going to go or for how long. We'll have to wait and

see until the stock market stabilizes. Our interest will be to what extent it's going to affect future demand for oil, whether it's going to bring a recession on from now until 1988, or whether it's just a hiccup in

MONDAY Q&A

the system that will blow over. We'll have to pitch our production levels in accordance with the emerging scenario as we understand it.

Q: You have said that some OPEC members would like to see a price hike of \$1 to \$2 a barrel above the current average of \$18 a barrel. You have also said that OPEC in December might "adjust" prices to between \$19 and \$20 a barrel to compensate for the depreciation of the dollar, the currency in which oil is priced. Where would you like to see the price fixed at the December meeting?

A: First would like to look at the arithmetic more closely, see what in fact has happened to the dollar and what inflation there has been over the last 12 months.

Q: Do you think \$20 a barrel is realistic, that is, sustainable? And if it were, at what level would OPEC have to impose a production ceiling?

A: I'll be prepared to talk about \$20 a barrel. At a time when the average price of a barrel was around that level, production was approaching 17.5 [million] and 18 million barrels a day. Demand for OPEC oil is now around 18 million barrels a day and prices are marginally above our official prices. Of course this is not all due to a

demand and supply situation. Other considerations might be tensions in the Gulf. Depending on what happens in the Gulf and what happens to the international economy, vis-a-vis what is going on in the financial markets, we'll have to work out a new scenario for what we think will be demanded for OPEC oil in 1988. You can't price your oil at any level irrespective of demand, unless you are prepared to go very heavily down on your production. If the price were set at \$20, production would unlikely be above 19 million barrels per day.

Q: OPEC agreed in June to impose a production ceiling of 16.6 million barrels a day for the second half of 1987. At what level is OPEC producing now, and are certain OPEC members still "cheating" by exceeding their quotas?

A: Production in October is at least 17.5 to 18 million barrels a day. We've recently gone around the Gulf states and they've given us assurance that they're cooperating. We know that production in the Gulf has gone down. We want to keep production in the fourth quarter below 18 million barrels a day.

Q: Do you think \$20 a barrel is realistic, that is, sustainable? And if it were, at what level would OPEC have to impose a production ceiling?

A: I think it's premature to start talking about how events in the stock market are going to affect [oil] prices because one doesn't quite know how far this is going to go or for how long. We'll have to wait and

see until the stock market stabilizes. Our interest will be to what extent it's going to affect future demand for oil, whether it's going to bring a recession on from now until 1988, or whether it's just a hiccup in

the system that will blow over. We'll have to pitch our production levels in accordance with the emerging scenario as we understand it.

Q: Given the flare-up involving Iranian pilgrims in Mecca this summer and the attack Friday on a Kuwait oil refinery, presumed to be the work of an Iranian Silkworm missile, do you think it will be possible in December to forge an agreement involving the Saudis, Kuwaitis and Iraqis on one hand and the Iranians on the other?

A: We'll try. We have been able to fashion out agreements in spite of differences, in spite of the war. Of course, the situation is getting a bit worse from that point of view. With the event in Mecca, with the attack on the Iran oil platform, with the subsequent attack on Kuwait, things will be more difficult than they were before.

Q: What do you foresee as the most difficult issues ahead at Vienna?

A: Price, obviously. The second one is, of course, the production quota business. How are we going to bring Iraq back into an agreement? Is a quota that it will accept and that will be acceptable to all members of OPEC, including Iran. How are we going to comply with these quotas? These will be the major issues.

Q: You're not a betting man, but would you be willing to wager that the price of OPEC crude will be set above \$18 a barrel in December?

A: I'm forbidden to gamble, I'm a Moslem.

Schlumberger

THIRD QUARTER EARNINGS

New York, New York, October 20 — Schlumberger Limited announced today net income for the third quarter of \$2 million compared to a loss of \$1.42 million (14 cents per share) for the same period last year. Revenue was \$1.22 billion, compared to \$1.11 billion. For the first nine months of 1987, net income was \$37 million (13 cents per share) compared to \$16.1 million (\$5 cents per share); revenue was \$3.43 billion compared to \$3.84 billion. The 1987 third quarter net income of \$22 million includes \$152 million (54 cents per share) from discontinued operations, \$220 million (79 cents per share) loss from discontinued operations and \$70 million (25 cents per share) extraordinary gain. The 1986 third quarter net loss of \$42 million includes \$59 million (20 cents per share) loss from continuing operations and \$17 million (6 cents per share) income from discontinued operations. These figures are explained more fully below.

Continuing Operations

The \$152 million income from continuing operations in 1987 includes an unusual \$69 million after-tax gain on the sale of the Company's investment in Compagnie Luxembourgeoise de Telecommunications. In 1986, the \$69 million loss from continuing operations was due entirely to unusual items primarily including employee termination costs in Offield Services, unfavorable lease commitments and the divestiture of a small electronics business.

Discontinued Operations

The 1987 loss of \$22 million from discontinued operations relates to the completion of the previously announced divestiture of the Fairchild Semiconductor business. In 1986, discontinued operations included \$36 million operating losses at Fairchild Semiconductor, offset by a \$53 million gain from a favorable settlement of litigation with Data General.

Extraordinary Item

In July, Sodex Forex received an award from the Iran-U.S. Claims Tribunal which, after taxes and other expenses, amounted to approximately \$70 million. This award arose from Iran's seizure of SEDCO, Inc., drilling business in

NASDAQ National Market

OTC Consolidated trading for week ended Friday, October 23

(Continued on next page)

Industriekreditbank Reports

Strong Gains in 1986/87

Germany's Medium-Sized Companies Increasingly Dependent on Foreign Trade

Medium-sized firms are often more dependent on exports and imports than is generally assumed. Nearly every second job in West German industry is directly or indirectly dependent on exports - a trend that has steadily gathered strength since the 1970s. For this reason, in its 1986/87 annual report, IKB examines the effects that current world economic trends have had on business, in particular on foreign exchange rate movements, on changes in oil prices, on shifts in the structure of demand, on foreign investment, and on the competitive strength of other countries' exports. IKB's latest annual report, which draws some unexpected conclusions, is available upon request.

IKB in Perspective

Industriekreditbank (IKB) is a private-sector commercial bank specializing in medium and long-term fixed-rate loans of up to ten years and longer. The shareholders are mainly prominent institutions in the West German financial and business community. A representative of the Federal Government is on the Bank's supervisory board. IKB's clients comprise nearly 7,000 corporate borrowers - primarily medium-sized firms. Credit is provided largely for capital investments and export financing. Funding is arranged through the Bank's own long and medium-term bonds - financial instruments which are considered highly attractive for institutional investors seeking currency diversification in D-marks.

IKB Improved Profitability

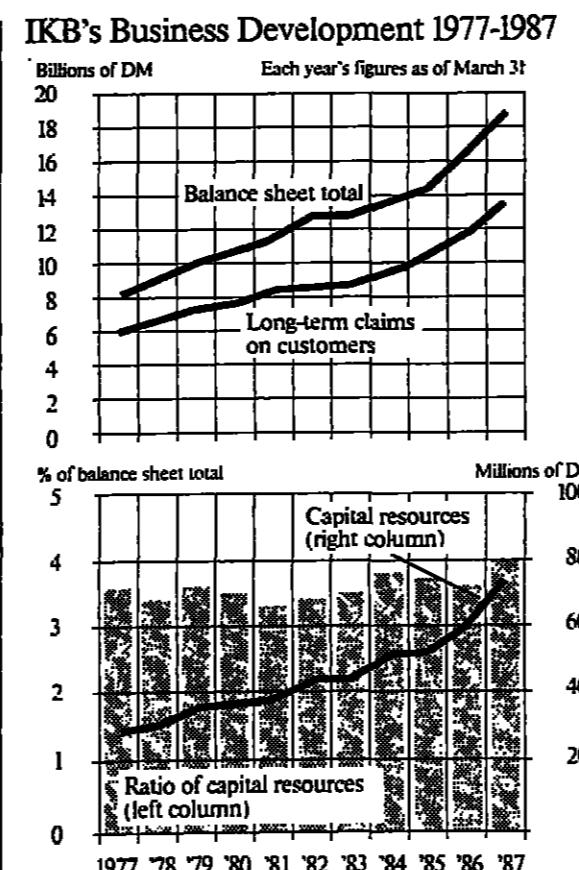
During the 1986/87 business year, IKB's net interest income grew by a healthy 13.7% to DM 256 million, with operating results increasing by 11.4% to DM 154 million. Out of total net income, DM 12 million was allocated to the provisions. The dividend remained unchanged at the previous year's level of DM 8 per DM 50 share despite a 16 2/3% growth in capital during the intervening period. As of March 31, 1987, IKB's capital resources amounted to DM 746 million and the ratio of capital resources was 4%.

Credit Volume Grows

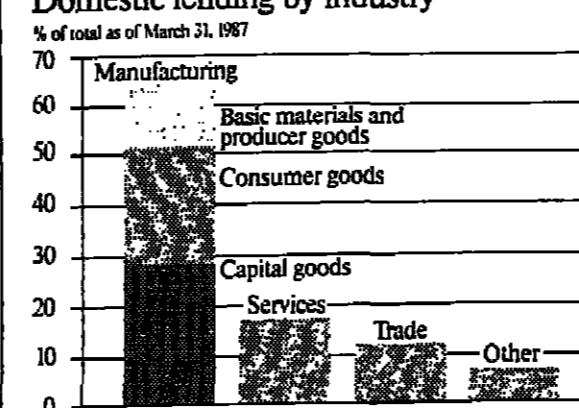
Claims on customers rose by DM 1.9 billion to DM 14.2 billion, with total loan disbursements exceeding DM 4 billion for the first time. More than 70% of total disbursements were in conjunction with credits of 10 years and longer. The average maturity rose from 5.3 to 6.3 years. As in the past, the manufacturing sector was the biggest borrower, representing a good 60% of the total. However, the service sector has accounted for an ever larger share in recent years.

Specialized Services

In addition to long-term lending, IKB offers a wide range of specialized financial services. For example, in Luxembourg, IKB's branch and subsidiary, Industriebank International S.A., have both achieved successes in international lending, money market trading, and the securities business. A wholly-owned subsidiary in Hamburg, IKB Leasing GmbH, is active in fixed asset leasing, and a joint venture of IKB with BHF-BANK specializes in real estate leasing. IKB's international business focuses primarily on long-term machinery and equipment export financing. The recently-established Corporate Finance Division provides specialized consulting services to companies on questions of capitalization, including stock exchange introductions. Together with other banks, IKB also maintains an active venture capital company as well as an investment company for companies not qualifying for a stock exchange listing. The expert counselling services of IKB Consult GmbH are available to corporations of all sizes.



Domestic lending by industry



Summary of Financial Figures (non-consolidated)

	March 31, 1987	March 31, 1986 Millions of DM	Change (%)
Balance sheet total	18,814	16,661	+ 12.9
<i>comparative consolidated figures</i>	<i>19,188</i>	<i>17,644</i>	<i>+ 8.8</i>
Claims on customers	14,167¹⁾	12,247	+ 15.7
<i>of which long-term</i>	<i>13,718</i>	<i>11,787</i>	<i>+ 16.4</i>
Own bonds issued	6,770	6,367	+ 6.3
Long-term liabilities to banks	4,751	4,279	+ 11.0
Long-term liabilities to other creditors	4,150	3,299	+ 25.8
Capital funds	745.5	601.5	+ 23.9
Net interest income	256.1	225.3	+ 13.7
Net income	45.6	40.8	+ 11.8

¹¹ Including DM 325 million transferred from Industriebank International S.A., Luxembourg.

Industriekreditbank AG Deutsche Industriebank



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In Luxembourg: Industriebank International S.A.

COMPARISON: Unlike '29, Today's Investors Brag About Getting Out

(Continued from first finance page)
one's losses. What he offers is advice: "I'm not going back in the market, and I suggest that the little guys just sit on the sidelines. Instead of playing the market, they should go to Atlantic City," a gambling center in New Jersey where Mr. Trump is a major casino owner.

Meanwhile, on a television program last Tuesday, Mr. Pickens's response to the market rout was something less than statesmanlike. Standing peevish, he blamed the collapse on a congressional proposal that would make mergers and acquisitions more costly, perhaps a somewhat parochial view of a national catastrophe.

Mr. Pickens also took pains to let the public know that he had been a shrewd investor.

He said he had been out of the market "for some time personally—out of it from the long side; I've been in it from the short side."

This statement must have surprised Mr. Pickens's associates who had joined him in recent well-publicized investments, from the long side, in Newport Mining Corp., Boeing Co. and Singer Co.

"This is a period," said William M. LeFevre, market strategist for Advest, a brokerage, "when people might be saying things that are not precise."

"Investors are prone to selective recall, particularly when they have a public image to protect," he said. "The statement Wall Street pros really had trouble believing was the one made by Pickens."

And Mr. Grant, the newsletter publisher, said, "It is remarkable that when the market crashed on Monday, no one owned any stocks."

Mr. Grant, who has written a biography of Bernard Baruch, said the phenomenon occurred in 1929, as well. Even Mr. Baruch, he said,

who did remain rich through the Depression, left a paper trail of brokerage confirmation slips revealing that he held on to many stocks well into 1930. The financial speculator is believed to have lost \$6 million to \$9 million, approximately a quarter of his net worth, from October 1929 to November 1931.

No matter what their losses, however, financial leaders in 1929 were apparently forbidden to say anything was amiss with the economy, unless they were outright bears and therefore utterly disreputable anyway.

Throughout October and November of 1929, pillars of the community announced that the panic was baseless.

Thomas W. Lamont of J.P. Morgan & Co., the man who is famous



Bernard Baruch

This is a period when people might be saying things that are not precise. Investors are prone to selective recall, particularly when they have a public image to protect.

—William M. LeFevre,
market strategist for brokerage Advest

attempt to bolster the price of their shares and, hence, the market. But privately, and in some cases, publicly, many business leaders acknowledged that if the crisis deepens, the substantial support the markets will require can only come from government intervention.

"Business leaders don't carry the same weight they used to, partly because of the 1929 Crash," said Daniel P. Davison, chairman of U.S. Trust, a large New York bank.

"The leading New York banks aren't at the center of the storm today," he said. Instead, he said, the key figures are the Federal Reserve chairman, Alan Greenspan; the Treasury secretary, James A. Baker 3d; the governor of the Bundesbank, Karl Otto Pöhl; and the governor of the Bank of Japan, Satoshi Sumita.

Even free-market mavericks like the investor Irwin L. Jacobs have come to accept this point of view. Last Monday morning, as stock prices began to crumble, Mr. Jacobs said, he still believed that government should not intervene in the financial markets. By Monday night, he had changed his mind.

In a television interview, he said that "there is no question that not only should there be government intervention, it should be a world-wide intervention in the free markets because there should be a day, two days, whatever it takes, to get these world powers together to try and represent all the markets to try and create a psychological effect that the world is not coming to an end."

The economist John Kenneth Galbraith, author of "The Great Crash 1929," said he regarded statements by business and political leaders at such times as "something between mysticism and black humor."

"Don't listen to anything these people say," he said. "Just be guided by history."

Mutual Funds

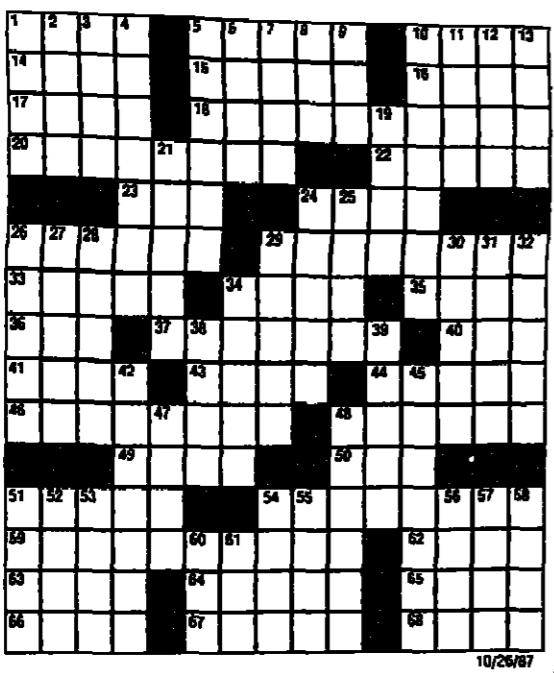
(Figures as of close of trading Friday, October 22)

THE following automatics supplied by the Investment Company Institute of Securities Dealers Inc. are the names of which these securities are sold (not Asset Value) or bought (value plus sales charges) Friday.

B&I Ass't

AAR Fund

Acc'nt Fund



ACROSS

- 1 Capital of Norway
- 5 Domesticated
- 10 Vivacity
- 14 Satellite of a planet
- 15 Got up
- 16 Press
- 17 Bedouin
- 18 Playing card
- 20 Fragrant
- 22 Baxter and Meara
- 23 Melody
- 24 Completed
- 26 Terminates prematurely
- 29 Llymian et al.
- 33 Barter
- 34 Half-gamer, e.g.
- 35 Hind woman's garment
- 36 Scale notes
- 37 Graduates' get-together
- 40 Male descendant
- 41 Fruit drinks
- 43 Tater
- 44 Residence
- 45 Says again
- 48 Tea cakes
- 49 Bar orders
- 50 Parthenian of football

DOWN

- 1 — Khayyám
- 2 Painful
- 3 Burden
- 4 Within a ship
- 5 Candles
- 6 Island off Ireland
- 7 Greatest amount
- 8 Superlative ending
- 9 Lowest passing grade
- 10 Jungle king's mother
- 11 Shah's former realm
- 12 Golfer's warning
- 13 Finishes
- 19 Poison
- 51 Chaplain, to a God
- 54 Begot
- 55 Straight-forward
- 62 Twofold
- 63 Prefix with vision or graph
- 64 Banks or Ford
- 65 Sea eagles
- 66 Snow vehicle
- 67 Keenly desiring
- 68 Uncontrolled anger
- 21 1567 liquid quart
- 24 Colossus conqueror
- 25 Kitchen staple
- 26 Fragrance of roses
- 27 She said "I do."
- 28 Isolated fertile areas
- 29 Skull cavity
- 30 — Dixon line
- 31 Wear away
- 32 Cub and Met
- 34 Cheats
- 35 This, Madrid
- 39 Mother-of-pearl
- 42 Extremely hungry
- 43 Possibly a star
- 47 Toward shelter
- 48 Cabinet
- 51 A affectionate tap
- 52 Biblical shepherd
- 53 Distribute
- 54 Crew
- 55 Fourth of HOMES
- 56 Nimbus
- 57 Chinese dynasty
- 58 Other
- 60 Honey maker
- 61 A feast — famine

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DENNIS THE MENACE



JUMBLE, THAT SCRABLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

VOLGE

LYDOM

THRAE

NARCLE

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

ANSWER: **DOOR** **UNDER** **DOOR** **DOOR**

(Answers tomorrow)

Friday's **Jumbles**: **CAMEO** **GLOOT** **TIDBIT** **FRENZY**

Answer: **The bookie fell on hard times because he didn't know this—ANY BETTOR?**

WEATHER

EUROPE		ASIA		AFRICA		LATIN AMERICA		NORTH AMERICA	
HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW
Aleppo	26	26	26	26	26	26	26	26	26
Amsterdam	25	25	25	25	25	25	25	25	25
Athens	25	25	25	25	25	25	25	25	25
Berlin	25	25	25	25	25	25	25	25	25
Bermondsey	25	25	25	25	25	25	25	25	25
Berkeley	25	25	25	25	25	25	25	25	25
Bern	25	25	25	25	25	25	25	25	25
Brisbane	25	25	25	25	25	25	25	25	25
Budapest	25	25	25	25	25	25	25	25	25
Calcutta	25	25	25	25	25	25	25	25	25
Caracas	25	25	25	25	25	25	25	25	25
Denia	25	25	25	25	25	25	25	25	25
Dublin	25	25	25	25	25	25	25	25	25
Edinburgh	25	25	25	25	25	25	25	25	25
Florence	25	25	25	25	25	25	25	25	25
Geneva	25	25	25	25	25	25	25	25	25
Helsinki	25	25	25	25	25	25	25	25	25
Las Palmas	25	25	25	25	25	25	25	25	25
Lisbon	25	25	25	25	25	25	25	25	25
Ljubljana	25	25	25	25	25	25	25	25	25
Madrid	25	25	25	25	25	25	25	25	25
Milan	25	25	25	25	25	25	25	25	25
Moscow	25	25	25	25	25	25	25	25	25
Munich	25	25	25	25	25	25	25	25	25
Nice	25	25	25	25	25	25	25	25	25
Oslo	25	25	25	25	25	25	25	25	25
Paris	25	25	25	25	25	25	25	25	25
Pristina	25	25	25	25	25	25	25	25	25
Rome	25	25	25	25	25	25	25	25	25
Skopje	25	25	25	25	25	25	25	25	25
Sofia	25	25	25	25	25	25	25	25	25
Stockholm	25	25	25	25	25	25	25	25	25
Tbilisi	25	25	25	25	25	25	25	25	25
Tokyo	25	25	25	25	25	25	25	25	25
Vienna	25	25	25	25	25	25	25	25	25
Vienna	25	25	25	25	25	25	25	25	25
Warsaw	25	25	25	25	25	25	25	25	25
Zurich	25	25	25	25	25	25	25	25	25
MIDDLE EAST									
Akkar	25	25	25	25	25	25	25	25	25
Beirut	25	25	25	25	25	25	25	25	25
Cairo	25	25	25	25	25	25	25	25	25
Damascus	25	25	25	25	25	25	25	25	25
Istanbul	25	25	25	25	25	25	25	25	25
Jerusalem	25	25	25	25	25	25	25	25	25
Tel Aviv	25	25	25	25	25	25	25	25	25
OCEANIA									
Auckland	25	25	25	25	25	25	25	25	25
Sydney	25	25	25	25	25	25	25	25	25
Canberra	25	25	25	25	25	25	25	25	25
Singapore	25	25	25	25	25	25	25	25	25
Taranto	25	25	25	25	25	25	25	25	25
ASIA									
Beijing	25	25	25	25	25	25	25	25	25
Chengdu	25	25	25	25	25	25	25	25	25
Hong Kong	25	25	25	25	25	25	25	25	25
Macau	25	25	25	25	25	25	25	25	25
New Delhi	25	25	25	25	25	25	25	25	25
Shanghai	25	25	25	25	25	25	25	25	25
Singapore	25	25	25	25	25	25	25	25	25
Taipei	25	25	25	25	25	25	25	25	25
Tokyo	25	25	25	25	25	25	25	25	25
AFRICA									
Algiers	25	25	25	25	25	25	25	25	25
Asmara	25	25	25	25	25	25	25	25	25
Beira	25	25	25	25	25	25	25	25	25
Botswana	25	25	25	25	25	25	25	25	25
Cario	25	25	25	25	25	25	25	25	25
Conakry	25	25	25	25	25	25	25	25	25
Dakar	25	25	25	25	25	25	25	25	25
Harare	25	25	25	25	25	25	25	25	25
Johannesburg	25	25	25	25	25	25	25	25	25
Khartoum	25	25	25	25	25	25	25	25	25
Lagos	25	25	25	25	25	25	25	25	25
Maputo	25	25	25	25	25	25	25	25	25
Monrovia	25	25	25	25	25	25	25	25	25

SPORTS

McMahon, Back From Injury, Leads Bears Over Bucs

Compiled by Our Staff From Dispatches

TAMPA, Florida — Jim McMahon, starting the second half in his first appearance since separating his shoulder 11 months ago, ran for a touchdown and hit Neil Anderson for the winning score with 88 seconds remaining Sunday, rallying the Chicago Bears to a 20-26 triumph over the Tampa Bay Buccaneers.

In the first game for regular players after the end of the National Football League strike, Steve Deberg helped stave Tampa Bay to a

45 yards as the Steelers rallied to beat Cincinnati.

The Bengals drove to the Steelers' 19-yard line in the final seconds but were unable to get off a field goal for a tie before the clock ran out.

Colts 30, Patriots 16: In Indianapolis, Jack Trudeau passed for 239 yards and a touchdown, and defensive end Donald Thompson returned a fumble 28 yards for another touchdown as the Colts downed New England.

Albert Bentley also ran for a touchdown after rookie Terry Wright, a replacement player during the strike, blocked a New England punt midway through the final period. Mike Prior, another replacement, ended New England's final threat with a pass interception and 38-yard return with 1:40 remaining.

Eagles 37, Cowboys 26: In Philadelphia, defensive end Clyde Simmons recovered a fumble and blocked a field goal to set up 10 points as the Eagles defeated Dallas.

The Eagles, left in a 1-4 hole by their replacements' three losses, boosted their record to 2-4. Dallas, which accumulated a 2-1 replacement record with the help of eight regulars who crossed the picket line, slipped to 3-3 overall.

The Eagles' defense recovered three fumbles, blocked a field goal and sacked quarterback Danny White five times. Two of the fumbles led to field goals and the blocked kick to a touchdown.

Oilers 37, Falcons 33: In Houston, Warren Moon turned first-quarter woes into fourth-quarter cheers when he hit Curtis Duncan with a 14-yard touchdown pass with 27 seconds remaining, rallying the Oilers past Atlanta.

The game, which was tied six times, drew a crowd of 29,062, with 4,825 no-shows, a bit below a normal crowd at the Astrodome.

The Falcons' Mick Luckhurst kicked four field goals, the last one an 18-yarder with 2:24 to play, giving Atlanta a 33-30 lead.

Moon's player representative, who was booted before the game because of his role in the players' strike.

Bills 34, Dolphins 31: In Miami, Scott Norwood, who had a short-kicked blocked earlier, converted a 27-yard field goal in overtime to provide Buffalo's triumph over the Dolphins.

The Bills won the overtime coin flip and moved quickly to the Miami 10, where Norwood, who had a 22-yard attempt blocked by Doug Betters in the first quarter, kicked successfully with 4:12 gone in the extra session.

It was the Bills' first victory over Miami since 1983, when they defeated the Dolphins 38-35 in overtime at the Orange Bowl. It was only the eighth time in 43 meetings in which Buffalo, now 3-3, has defeated Miami. 2-4.

Packers 34, Lions 33: In Pontiac, Michigan, Al Del Greco kicked a 45-yard field goal with one minute left Sunday to give Green Bay the victory over Detroit.

The Lions had rallied from a 31-7 second-quarter deficit to take their first lead, 33-31, on Garry James' 2-yard touchdown dive with 3:02 remaining. But the Packers moved 42 yards in nine plays on their ensuing drive to set up the game-winning field goal.

Detroit's Eddie Murray missed a 45-yard field-goal attempt with four seconds left.

Green Bay, 3-2-1, pounced early on the Lions, 1-5, scoring on four straight possessions in the first half.

(UPI/AP)



Gary Caley/Bettman

Kent Hrbek hit a grand slam homer, his team's second of the Series, in the sixth inning. That ensured victory, the Twins having scored four runs against the Cardinals in the fifth.

The Home Advantage: A Curse Comes to Baseball

By Thomas Boswell
Washington Post Service

MINNEAPOLIS — Throughout the evolution of major American professional team sports, only baseball has escaped the curse of the distorting, infuriating home field advantage.

Until now.

In the National Basketball Association and the National Hockey League, contending teams play an entire regular season for one reason: to get the home field advantage in the playoffs. Last season, for example, the Boston Celtics won 41 consecutive NBA games at home.

The home field may be contaminating baseball. Since the turn of the century, baseball teams have searched for every possible home field edge — and failed to make it into anything terribly significant. Watered base paths, sloped foul lines, asymmetrical outfield fences, towering outfield walls and vocal home crowds have simply spiced the sport, not twisted it.

Home teams have won only 53 percent of all World Series games.

According to the 1987 Elias Baseball Analyst: "Home teams won 54 percent of all major league baseball games over the past five years, compared to 58 percent in

the NFL, 60 percent [of games played to a decision] in the NHL and 64 percent in the NBA." Of all teams, the Minnesota Twins had the biggest home field edge over the period from 1982 through 1986, playing 15.8 percent better at home than on the road. This season, it's been an amazing 35 percent better.

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Now, something new has happened. It's called the Thunderdome.

First, the Twins have artificial turf, which has been shown to be an edge in itself. Turf teams adjust to grass better than grass teams adjust to turf. It's a statistical fact.

Second, the Twins have accidentally introduced a completely unfair and capricious element: the only ball-colored Teflon ceiling in existence. Every ballplayer learns about wind-blown pop ups and cold hands. Only a Twin spends enough time in the Metrodome to learn how to catch invisible fly balls.

Third, the Twins have been condemned by the Taxman. The home field edge in the playoffs and Series should be given to the team with the better regular season record, just as currently exists in every other pro team sport.

It's anachronistic to see the Twins with the ninth-best regular season record in baseball — 85 victories — getting an extra home date against both the Detroit Tigers, the first in victories, and the St. Louis Cardinals, who were third.

The '87 Series will be the Home Field Advantage Classic. If the Twins do come back to win, that legacy will be a dead certainty since that outcome would make that the first Series in history — since 1903 — in which every game was won by the home team.

Finally, and perhaps most importantly, the Thunderdome is the first baseball park that has duplicated smaller indoor arena noise levels, as high as 118 decibels in this Series.

Baseball should recognize immediately that, in the future, the home field edge in the playoffs and Series should be given to the team with the better regular season record, just as currently exists in every other pro team sport.

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the first game, from Dan Gladden.

In three games under their big top, the Twins have scored 29 runs. In three games at Busch Stadium, they got just five.

But they broke out on Saturday, getting a two-run homer from Baylor in the fifth that brought them back to a 5-5 tie. It was Baylor's first World Series home run and his first since he was acquired in a late-season trade with Boston.

"The guys believe we can't lose here," Baylor had said as the Metrodome was just beginning to fill. "Baseball is like that. If you believe something, you can do it."

The Twins did, erasing their one-game deficit and tying the World Series at three games apiece after they had fallen behind, 5-2, in the fifth inning.

They scored four runs in each the fifth and sixth, and Kent Hrbek — who had just one hit in 16 previous times at bat against left-handed pitching in the postseason — punctuated the victory with a grand slam in the sixth in the ninth.

Hrbek's slam was Twins' second

in the Series; the Twins' first

came through once more, hitting a

a sacrifice fly in the ninth to

put the Cardinals ahead, 4-2.

Slowly, the Metrodome sellout crowd of 55,293 grew quiet. Their team had won two in a row to open the Series, but now it was showing the strain of a failing task. And it gave a bit.

It was a rare sight for the Cardinals: only their second home run in the Series and just their fourth in 13 postseason games.

But the bid lasted only until the Twins — with homeies being waved around them and a din falling from the stands — came to bat in the bottom half of the ninth.

Gladden led off with a triple, inside the first-base line, that elided the reach of the slow-moving Dan Driessens. Greg Gagne grounded out, keeping Gladden at third, but Kirby Puckett lined a single to left to tie the score, just with his second run batted in of the Series.

Puckett scored, from second

base, when Baylor, the old warrior, singled to right off Tudor. That gave the Twins a 2-1 lead.

Straker, though, continued to have control problems. He issued a one-out, four-pitch walk in the second to Terry Pendleton, the designated hitter, then — after Pendleton got to third on a ground out — gave up a run-scoring single to Jose Oquendo.

Tudor had a trouble-free third, but the fourth became his undoing.

Driessens, leading off, lined a pitch off the 23-foot-high shower curtain in right, advanced to third when McGee, the Cardinals' center fielder, inexplicably cut in front of right fielder Curt Ford and the ball went off McGee's glove for an error.

But Tudor picked off Hrbek moments later and the Twins were left scoreless after Steve Lombardozzi and Gladden each hit singles that would have brought in a run.

In the third and fourth, they had runners at second base against Tudor but could not bring them home.

Then came the fifth.

Tudor, who threw 50 pitches through three innings, was clearly wobbly by this time, having worked almost continually from a stretch position. In the fifth, he faced four batters without getting an out.

It was quick: a single by Puckett, a double by Gary Gaetti for a run, a home run by Baylor on the next pitch to Terry Pendleton, the designated hitter, then — after Pendleton got to third on a ground out — gave up a run-scoring single to Jose Oquendo.

The Twins, meanwhile, seemed to be wasting opportunities against Tudor, who was as ineffective as Straker had been. In the second

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Posy: Daumier of the English Woolly Liberals

International Herald Tribune

ONE morning 10 years ago, the readers of *The Guardian* newspaper were greeted by a mirror image of themselves: a weekly comic strip by a young artist named Posy Simmonds about life among the well-intentioned, well-educated and well-confused liberals of north London.

The strip appeared Mondays, usually below Poly Toynbee's high-minded column and next to an ad for Cosmopolitan. "Posy's very feisty writer, so brilliant at arguing," Posy Simmonds says, her soft voice nearly drowned out by the gulls shrieking in the Cornish sky. "I'm hopeless at it, I'm far more interested in what people think."

She may be doing a modern comic strip but she is well in the English tradition.

MARY BLUME

of the comedy of manners. Since there isn't much comedy these days, or manners, her strips are often considered sociological: the portrayer of middle-class angst, she is called, the Daumier of woolly liberals. Her real name is Rosemary but no one calls her that except her doctor.

Her first strip, in May 1977, had a cast of characters to dwarf a Shakespearean chronicle play — even a royal corgi was there — but she soon narrowed it down to two families and their friends, Stanhope Wright, the sick and lecherous creative director of an ad agency, and his second wife, Trish, and the Webers. The Webers live in a well-worn section of north London while the Wrights live glossily in Hampstead.

"They live in a big house," Posy Simmonds says. "They have lots of tables with two tablecloths on them and big ceramic lamps with shades that match one of the tablecloths. They have hydrangeas in their huge fireplace in the summer."

The Webers (pronounced Vayber) shop at a store called Bivouac, which bears more than a passing resemblance to Habitat. The central characters of the strip, they are the personification of the woolly liberal conscience. George Weber, who wears hairy sweater and a droopy mustache, is a senior lecturer in Liberal Studies at a Polytechnic. One of his lectures is called "Language as Discourse."

"He's a great francophile and of course really he would have liked to have been at Cambridge during the epoch when there were a lot of structuralists. As he wasn't, but he's created his own little bit of Cambridge at the Polytechnic."

George's wife Wendy, mature student



The Weber family, Wendy and George (above) and their creator, Posy Simmonds.

and mother of six, wears round spectacles and used to dress in Laura Ashley and Dr. Scholl's.

"Now she wears a lot of those pixie boots and those padded waistcoats and she's got quite a big bottom but she's not concerned," Posy Simmonds says. "I think for the evening it's still Laura Ashley with a kind of lace collar, and she hasn't changed her hairstyle for ten years. She's got terrible split ends and she's going gray now, but she doesn't care."

Other characters include a dog named Tandoori, Ellen, creator of handcarved wooden house signs, and an aging American hippie named Frisbee Summers. "He was an ethno-botanist, now he's into perceptions," Simmonds says. "I think he was at UCLA." It is a world of house husbands, wholesome flour, government cuts, dental practitioners, visiting rights, carpet sales. Dad's girlfriend, and the humiliated-looking wife in front of the humiliated-children.

Big issues are not avoided although Posy Simmonds describes the strip as rather domestic. Her eye for detail is extraordinary and hers must be the only strip in which a duvet quilt is a character.

"I don't draw sheets and blankets, I'm afraid," she says. She is excellent on men's hairstyles ("I particularly like the slightly louché ones") and is a mine of arcane information.

"I read a lot and one of the bits of useless information I picked up is that the width of my *Guardian* drawing before it's printed is the same as the diameter of the shells that were used in Big Ben."

Her weaponry is, however, light. To a degree she is the British equivalent of Claire Bretecher, who started her strip, "Les Frustrés," in *Le Nouvel Observateur* shortly before Simmonds appeared. Both are sharp and funny and good-looking. Bretecher bafule and blonde, Simmonds sweet and brunette. Sim-



mounds's readers see themselves in her strip, Bretecher's see their friends: the British gift for self-mockery does not cross the Channel, nor does the humor that pricks but does not wound.

"I don't like bludging people, I'd rather make them feel embarrassed — 'Oh God, am I like that?'" says Simmonds, who admires Bretecher. I suppose I make people feel self-conscious rather than offended."

Her readers extended far beyond *Guardian* subscribers who tacked her strip to their kitchen walls. Then, worn out by the deadline, she retired her strip last May and went on a week's holiday to find on her return that there was so much mail that she couldn't open the door.

"It was extraordinary," she says. It was also a nice contrast to the reaction to her first strip 10 years ago, which had to do with Wendy and Trish and a bomb in a cake at the queen's garden party.

She doesn't look for copy, she says, but

"I got one letter. It said I'd got the equation wrong for making the damned Sandringham tartlet explode."

Posy Simmonds and her husband, the graphic designer Richard Hollis, live in central, not northern, London and in a seaside village in Cornwall that sometimes figures in her strip as Tresdodd. It is a picture-book village with a painter who wears a beret and has a credit card machine next to his easel and a river called the Camel and a local bard called the Voice of the Camel. "I don't think he utters much," she says.

She is at work on her second children's book and she works very hard, contrary to the received opinion that comic artists sit over their drawing boards and chuckle.

"People ask when are you going to do something serious, or they say what else do you do?"

She doesn't look for copy, she says, but

she is an immensely gifted eavesdropper. Just that morning in the village chemist's she had heard a woman with what might be termed Harrods lit voice state, "We've had mussels and they've given us the most terrible indigestion."

After boarding school, where she was good in Latin (which occasionally creeps into her scripts) and was a slow-left-arm bowler on the cricket field, she went Paris to study French civilization. It was 1962, she was 16, and she tried to look like Juliette Gréco. "I wore black and ironed my hair." She then attended London's Central School of Art and Design and exploited her unquenchable taste for rude humor by doing cartoons about a bear for a popular paper, *The Sun*. "It was a teddy bear that said rather risqué things to the other toys in the nursery. There were dolls and rabbits. It got very boring."

Her *Guardian* characters filled out over the years although she was plagued by a hazy memory, forgetting when she had killed off guinea pigs and making Wendy pregnant again after George had had a vasectomy.

Children are one of her best subjects, bawling and inconvenient when growing, even more inconvenient when grown. She was among the first to note the contempt that the hardboiled youngsters of the '80s feel for their parents' 1960s flower-power era. The Webers' oldest daughter, Belinda, rebels against her parents' brown rice goodness and wants only to marry a company director with a Saab.

The last Simmonds strip in the *Guardian* showed the wedding. "George on the end does wear a morning suit and gives her away much against his will, like a chariot." And Wendy wears a hat. It's pretty gaudy."

The wedding appears in the latest Simmonds book, "Purr Posy," published a few weeks ago by Jonathan Cape. By now the Webers are looking middle-aged and faded; it is clear that Belinda's world is the coming focus. Posy Simmonds doesn't know if and when she will resume her strip, but if she does she thinks it will have to be about the new moneyed class, the greed and polarization she sees in Britain today.

"I haven't written it yet so I can't say how they'll be. They're not yuppies but it's definitely the people who are showing what they earned and not caring about showing it," she says. "The Webers really wanted everybody to be the same, they believe in helping and understanding people less fortunate than themselves. The new lot don't give a fig."

LANGUAGE

Off the Shelf and Alone

By William Safire

WASHINGTON — In last summer's Iran-contra hearings, Lieutenant Colonel Oliver L. North testified that Director of Central Intelligence William J. Casey told him he was "interested in the ability to go to an existing — as put it — off-the-shelf, self-sustaining, stand-alone entity that could perform certain activities on behalf of the United States."

Watching, I shook my head: Bill Casey, a careful man, would never have said that. He knew the difference between *on behalf* — "acting in another's place" — and *in behalf* — "acting for another's interest."

If he had an outside operation in mind, it could not represent the United States or appear to be its

agent in any way; on the contrary, the outside entity could act only in its behalf. The *United States*, to its benefit or advantage, while providing plausible deniability. The distinction is eroding, but old-fashioned writers and aging spooks still make it.

"*Stand-alone* refers to a complete system," explains Oliver Smost, acting president of the Computer and Business Equipment Manufacturers Association. "It's like a hi-fi system that has the radio, record player, cassette player and compact disk player all in one place. The opposite of *stand-alone* would be say, a computer that lacks a monitor or has to hook up to a network."

THE figurative sense has already been extended to politics. In Congress, *omnibus bills* are often used together so that popular segments support other elements of parochial interest. A retroym is *stand-alone bill*, used to mean "naked and vulnerable" in this sentence by The Associated Press's Matt Yancey: "Kennedy and Metzenbaum, however, opted to include the measure in the trade bill, contending there was no way they could muster 60 votes in the Senate to prevent a stand-alone bill from being filibustered to death."

The two words met in Chaucer's "Canterbury Tales" — "An empores duchesse stant alone" — and were immortalized in the nursery rhyme "The Farmer in the Dell," with "The cheese stands alone."

My old independent-minded friend Casey might have had in mind a self-perpetuating, self-contained operation far from the prying eyes of congressional overseers and revengers, but I cannot hear him talking about a *stand-alone* cloak with an *off-the-shelf* dagger.

New York Times Service

and next to an ad for Cosmopolitan. "Posy's very feisty writer, so brilliant at arguing," Posy Simmonds says, her soft voice nearly drowned out by the gulls shrieking in the Cornish sky. "I'm hopeless at it, I'm far more interested in what people think."

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George's wife Wendy, mature student

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